

MAR. 21
1936

MAR 22 1936

BUSINESS WEEK



WHILE THE LEAGUE DEBATES — World mar-
kets listen to the tramp of marching men.

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BUILDING THE ARTERIES OF A NATION

● Spreading out underground like a gigantic spiderweb, thousands of miles of pipe daily carry oil, gas, water, chemicals, steam, air, electricity. Pipe forms the very arteries of the nation.

And much of this pipe, made in recent years by Republic—has been produced by the famous Electric Weld method. Republic pioneered this modern way of making better pipe, a method which has revolutionized the industry.

Republic has pioneered, too, in the production of scores of special steels to meet the complex requirements of modern business—and, because of this pioneering, has become the world's largest producer of alloys.

This exceptional experience, with its background of quality and careful workmanship—this ability to do things well—has contributed also to Republic's leadership in the production of plain carbon steels, nuts, bolts, tin plate, wire products, bars, shapes and other conventional tonnage products.

In a few short years America will be using steel in a thousand ways that have never before been dreamed of. And Republic, because of its wide experience and its alert, aggressive and far-flung organization, is prepared to serve industry today—and tomorrow—capably, quickly—and economically.



REPUBLIC STEEL CORPORATION

GENERAL OFFICES: REPUBLIC BUILDING, CLEVELAND, OHIO



Republic has 45,000 employees. With their immediate families—not including necessary suppliers and professions—they would make a city of approximately 193,500 people—nearly the size of Dayton, O.—entirely dependent for support upon the activities of this one corporation.

When writing Republic Steel Corporation for further information please address Department BW.

Washington Bulletin

WASHINGTON (*Business Week Bureau*)—Congress is expected to give Roosevelt the billion-and-a-half for "boondoggling" after debate over Harry Hopkins' efficiency, cracks about "playing politics with human suffering," and lots of general cussedness.

Move to cut amount by resorting to dole—fought for last year by Carter Glass—is not expected to prevail. Reason: afraid dole will open door to "unemployables" whom Roosevelt is trying to force back on states. Restrictions will limit character of projects, prohibit any more like 'Quoddy or Florida canal which commit government to future spending.

Taking up the Slack

Feeling here is that continued improvement of business will provide 500,000 additional jobs. Experts calculate this would piece out relief picture, make further appropriation unnecessary. Business has already employed 5,000,000 additional since March, 1933, as Roosevelt points out.

The Ways and Means Way

Retention of present corporate taxes—income, capital stock, and excess profits—is present thought of House Ways and Means Committee. Members are convinced necessary exemptions would riddle White House revenue theories as to new tax scheme. Idea is to add tax on undistributed net earnings, as President wants, but at lower rates, in addition to retaining present levies. This is just present slant. It may change overnight. Bill will be rewritten in Senate no matter what House does. Administration Senators still propose to follow President without deviation.

Tax Holes Study

Past tax figures discourage would-be advocates of Roosevelt tax plan in House Committee. Example: In 1930, corporations paid out \$8,202,241,000 in dividends. Individual recipients only reported \$4,197,304,000. Thus, with removal of dividend tax at source, as Roosevelt proposes, nearly 50% would escape taxation.

Exercised Over Excises

If wishes could kill, proposed new excise taxes would be dead. However, despite all politically-inspired hopes, they only sleep. They'll be awakened later, when Congress discovers big boost in income tax returns this month was discounted in Treasury estimates on which budget and suggested tax rates are based.

Antagonizing Investors

Long-distance telephone rate reduction, alleged object of telephone

FOREWARNED

"An individual or a corporation without a large reserve fund to draw upon until receipts become normal would be considered stupidly blind to inevitable bankruptcy unless expenditures were immediately cut down to receipts."

And, if so, would a government be stupidly blind to the inevitability that depressions would be deeper if it enacted a tax on surplus which left corporations without adequate reserves?

Washington wonders when the question will be applied to the statement—made by Franklin D. Roosevelt on Page 40 of his "Government, Not Politics," copyright 1932, distributed in the presidential campaign of that year.

probe by Communications Committee, promises to annoy huge group of investors whom Roosevelt never has hit before.

Can Companies Under Fire

Federal Trade Commission, having chastized Goodyear and Sears, Roebuck, now takes on two more hefty opponents in American and Continental Can, but this time by flank attack. Complaint brackets principal tin plate producers as respondents, but names two can companies as chief beneficiaries of alleged illegal actions.

Railroad Men Wait

Railway labor's otherwise excellent chance of pushing new job protection law through Congress is damaged by forced extension of negotiations until President's return from Florida next month. Unions are angered by his intervention, but strike talk is silly.

Wants Burco Buried

Prompt ruling on public utility holding company act depends on Supreme Court granting certiorari writ in Burco case, requested this week. New Deal, not a party to suit but a very interested bystander, hopes for

refusal; wants contest centered on Electric Bond & Share case, still stalled in New York district court. Experts think jurisdictional doubts re Burco might justify turnaround, wonder what Justices will think.

30-Hour Bill Desertion

Cross off the Black 30-hour week bill: Even its sponsor says it hasn't a chance. Union labor officials continue to praise it in public, knife it in private. Would make their jobs less important.

Liquor Labels' New Lease

As *Business Week* predicted, deadline for certification of labels on spirits is extended from Mar. 1 to Aug. 15, on wines until Dec. 15. New regulations on advertising, deferred until May 1, also ease tension.

Dumping Pays Out

McNary-Haugenites expect to use Secretary Wallace's Philippine flour trade to prove their farm plan is best. By "indemnifying" Pacific millers against loss on flour sold in Philippines, Wallace obtained shipment of 44,200 bbl. (about 197,000 bu. of wheat). Average cost to government 95¢ a bbl. It seems to run afoul of State Secretary Hull's prejudice against dumping, but this doesn't worry Wallace. He has annoyed Hull before; on walnuts, for instance.

The Candy Kid

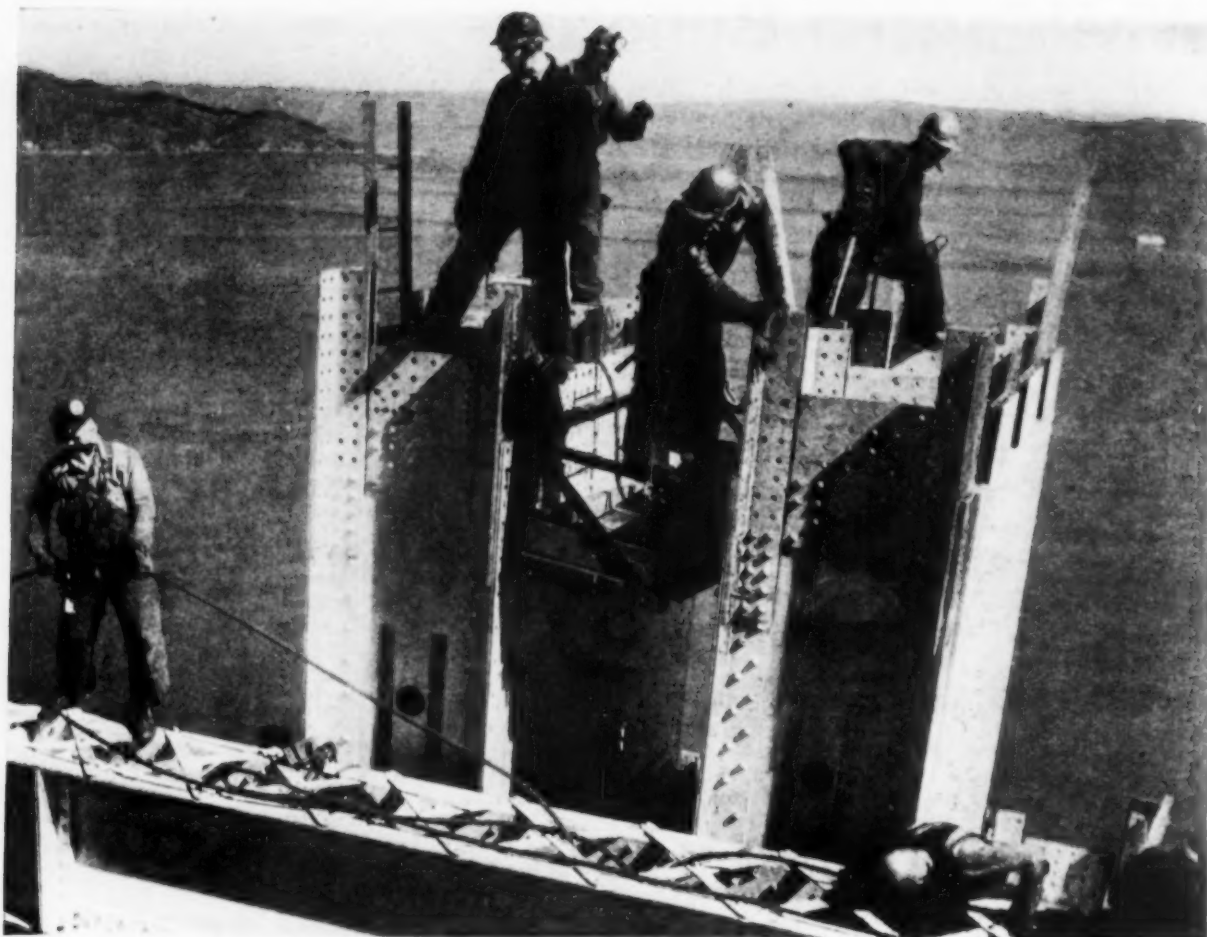
America's sweet tooth may force reconsideration of sugar quotas. Latest figures of Agriculture Department show consumption for calendar year is likely to be 6,632,516 tons, raw value, as against last December's estimates of 6,434,088.

Heat Wave Hangs On

One congressman accused of bunking with a lobbyist last summer says he did it to escape Washington's "terrific heat." Escape was only temporary. And what's become of traditional congressional courtesy? Democratic-controlled Senate Committee gives six Democratic representatives a black eye, which, regardless of merits of case, will bother them in elections.

Maine, Florida No Help

'Quoddy dam and Florida canal may not be dead. Roosevelt can still give them relief money allotments. But Senate turnaround, following that in House and featuring Democratic votes, causes much wonder why Roosevelt gave Congress opportunity to kick projects about. Critics suspect he wanted to spend money to better political advantage than in Maine, hopelessly Republican, and Florida, reasonably sure Democratic.



World's Largest Steel Construction Company

BETHLEHEM STEEL COMPANY is today the largest steel construction organization in the world.

Combining the facilities of McClintic-Marshall, formerly operated as a Bethlehem subsidiary, with other Bethlehem facilities, this company leads all other concerns in its fabricating capacity.

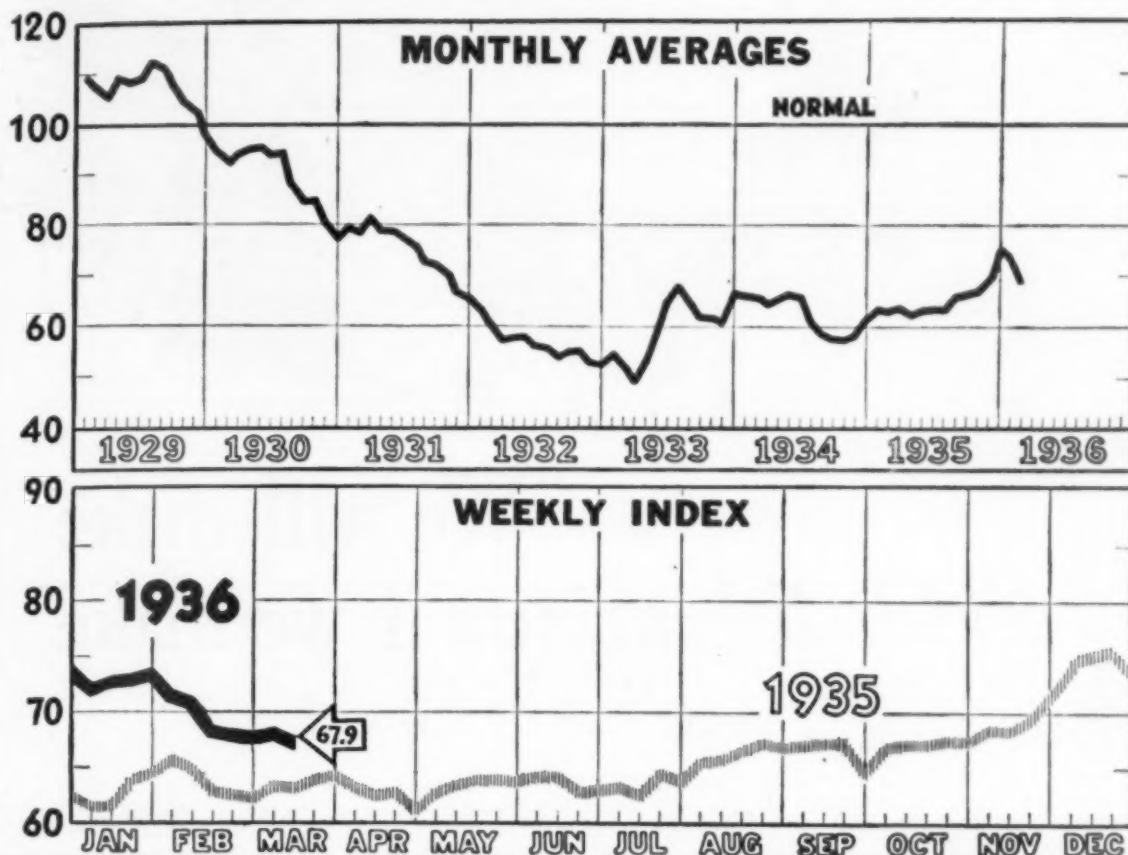
The Golden Gate Bridge, for which Bethlehem is fabricating and erecting the towers and the main span, is but one of the major achievements of Bethlehem in the field of steel construction.

In railroad and highway bridges, office buildings, industrial buildings, apartment houses, tanks, gas holders, steel pipe and penstocks, transmission towers, barges, dam and lock gates—in every field of steel construction—Bethlehem can point to a long record of achievement.



BETHLEHEM STEEL COMPANY

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



BUSINESS WEEK INDEX

Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
*67.9	168.6	68.7	63.2	63.3

PRODUCTION

* Steel Ingot Operation (% of capacity)	60.0	55.8	51.7	46.8	38.1
* Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$6,170	\$6,350	\$7,683	\$3,473	\$4,088
* Bituminous Coal (daily average, 1,000 tons)	*1,450	11,662	1,683	1,454	1,195
* Electric Power (million kw.-hr.)	1,901	1,893	1,950	1,728	1,597

TRADE

Total Carloadings (daily average, 1,000 cars)	106	112	104	98	99
* Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	68	67	59	64	66
* Check payments (outside N. Y. City, millions)	\$3,687	\$4,459	\$3,139	\$3,349	\$3,350
* Money in Circulation (daily average, millions)	\$5,859	\$5,857	\$5,775	\$5,476	\$5,647

PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.09	\$1.08	\$1.07	\$0.95	\$0.75
Cotton (middling, New York, lb.)	11.42¢	11.32¢	11.66¢	11.13¢	10.36¢
Iron and Steel (Steel composite, ton)	\$33.04	\$33.60	\$33.45	\$32.38	\$30.51
Copper (electrolytic, Connecticut Valley basis, lb.)	9.250¢	9.250¢	9.250¢	9.000¢	7.738¢
All Commodities (Fisher's Index, 1926 = 100)	82.4	82.8	83.4	81.7	73.9

FINANCE

Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,480	\$2,474	\$2,500	\$2,465	\$2,262
Total Loans and Investments, Fed. Res. rep't'g member banks (millions)	\$21,326	\$21,206	\$21,082	\$19,797	\$19,316
* Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,941	\$4,908	\$4,858	\$4,929	\$5,976
Security Loans, Federal Reserve reporting member banks (millions)	\$3,331	\$3,258	\$3,137	\$3,239	\$4,716
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,264	\$1,198	\$1,083	\$1,031	\$1,058
Stock Prices (average 100 stocks, <i>Herald-Tribune</i>)	\$117.53	\$118.90	\$117.80	\$93.90	\$102.22
Bond Prices (Dow, Jones, average 40 bonds)	\$101.96	\$102.82	\$102.61	\$94.56	\$86.21
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	1%	11.6%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1%	1%	12.0%
Business Failures (Dun and Bradstreet, number)	222	201	194	232	445

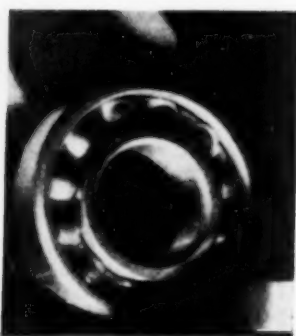
* Factor in Business Week Index *Preliminary † Revised ‡ 4-year average; 1933 not reported.

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Business Week



*"We will make
good ball bearings if we make
but one a day"*



Economical • Accurate • Longer-Lived

New Departure Ball Bearings require no adjustment—reduce friction to a minimum—give longest life to any machine, by rigidly and permanently holding shafts and gears in correct alignment. May be used to advantage wherever a shaft turns.

Now, New Departure makes millions of fine ball bearings yearly...is the world's greatest producer in this industry

When New Departure set out to make ball bearings little was known about the art. But New Departure was determined to make good ball bearings, or none. It went to work with painstaking thoroughness, ingenuity and craftsmanship. The best steels in the world were developed. Entirely new methods of precision manufacture were devised. These methods made possible accurate control during large scale production. Also, New Departure

engineers continually studied ball bearing design . . . always from the viewpoint of the user.

This serious, carefully planned effort has produced ball bearings of enduring quality, of accurate size, suitable for hundreds of uses. The objective of the early days has been more than attained. The art has been mastered so well that today New Departure is the world's greatest producer of ball bearings.

The New Departure Mfg. Co., Bristol, Conn. Engineering staffs also at Chicago, Detroit and San Francisco.

Also makers of TRANSITORQ

A million speeds at the touch of a finger

Nothing Rolls like a Ball  *No Other Form so Strong*

NEW DEPARTURE BALL BEARINGS

PEDIGREED MATERIALS • CREATIVE ENGINEERING • PRECISION MANUFACTURING

The Business Outlook

THE calendar says spring arrived this week, and our index of business activity should begin to throw off the effects of cold weather. Purchases by motor centers should add their weight to the rising steel activity. Building operations, which have held up surprisingly well this year, are due for further expansion. Retail trade, where not hampered by rain or floods, is headed for a substantial pre-Easter bulge. The railroads have appreciably increased their net income by carrying heavy coal shipments due to abnormally low temperatures, and now they are expecting heavier traffic in farm and manufactured products.

Floods Hurt the East

Eastern states found the normal course of business upset this week by floods that forced textile mills in New England to shut and disrupted traffic and trade in Pennsylvania and in parts of New York state and Maryland. Heavy snow in western New York hampered business.

Result: Roadbuilding

Cement producers stand to profit by the winter's severe toll on highways, which will necessitate heavy repairs. Some of the proposed \$1,500,000,000 fund for WPA should find employment in road repair.

Steel Jumps to 60%

Steel unexpectedly hit the 60% of capacity level this week as a result of the recent firm showing of the industry on prices. Though there was no general announcement, the industry accepted the lead of Republic Steel in making its quoted prices stick. Buyers rushed to cover in a manner too reminiscent of the code days of June, 1934, so that the current rate may overstate the real immediate consumption requirements.

Steel Buyers' Attitude

The new price system in the steel industry, involving published quotations and quantity differentials, is generally approved by large buyers, though the motor industry would prefer to see the differential based on orders rather than shipments, because shipments are frequently in smaller volume than orders. Users of galvanized steel are irritated because the new system does not apply to them.

More Modernization

That industry is continuing its efforts to reduce costs by making plants more efficient is apparent from the latest report on machine-tool orders, which covers February. The cold weather proved no hindrance, for last month's business topped that of Jan-

BREAK FOR CONSUMER

For the first time since last July, the average household-er's budget has gotten a break, even though it's only a small one. Food and clothing prices dropped enough last month to offset increases in rent, fuel, and sundry costs. At the moment, the greatest increase over a year ago is in rents, which are 9.9% higher, while food, as a result of the recent decrease, is only 2.6% higher.

uary, even though foreign business tapered off slightly. The total business in the first two months of 1936 runs 93% ahead of last year.

Motors Place Orders

Prominent among machine-tool buyers in the next few weeks should be the automobile industry. Plans for 1937 cars are not finally determined, but considerable progress has been made. Last week one manufacturer placed an order for a half million dollars' worth of machinery, and another placed business for a new six-cylinder car.

March Autos—400,000

Cars are coming off the assembly lines now at the rate of nearly 100,000 a week, which should assure March of at least 400,000. Bad weather has hurt sales. The January figures, in final form now, show 215,782 passenger cars, and a bad decline is believed to have cut the February sales to 160,000.

High-Priced Cars Gain

The most interesting fact about January sales was that high-priced cars gained enormously over a year ago. Packard, for example, sold 3,030 cars against 431 last year; Cadillac 856 against 297; Lincoln 801 against 115.

Commercial Cars Soar

In the commercial car field, sales for the first two months are expected to show new high records, with January estimated at 44,000, and February at 38,000. Orders for buses soared last year, reaching a new high record, and 1936 promises a good volume.

Pierce-Arrow has an order for 14 deluxe passenger coaches for park service in California and Arizona this summer. General Motors is busy on 340 new rear-motored buses for the Greyhound Lines.

Cotton Uncertainty

Cotton consumption in the first quarter by American mills has been high, but the hand-to-mouth buying of recent weeks, when new tax proposals have been in the air, is disconcerting. A decline in mill activity in the next quarter would not be surprising. The wool goods markets have also quieted down recently, but the mills are generally well supplied with orders previously taken. Buyers of fall men's wear are seeking concessions, but mills protest that cloth prices have not moved up anywhere nearly as much as raw wool prices.

Fire Losses Up

Fire insurance companies were right in predicting that the unusually low losses of the past two years couldn't last. Losses have been creeping up for the past five months; in the short month of February they were the highest since March, 1934.

Strike Hurts Rubber Industry

With a tire strike in Akron, and with motor production curtailed, it is no surprise that rubber consumption slumped badly last month. Resumption of motor assemblies this month probably lifted March consumption above February, but the strike still retards the industry.

Much Industrial Building

Plant modernization and expansion is also apparent in new construction projects. *Engineering News-Record* reports that industrial building in the first two months of 1936 was more than double a year ago. Particularly marked were increases in public utility and other power plant construction, and in process industry, automobile, and machinery plants. The Austin Co., industrial engineers and builders, think early estimates of a 50% increase in industrial building are too low. The company estimates its own purchases for 1936, ranging from structural steel to air-conditioning systems, at more than \$10,000,000.

Selling Building Materials

Industries selling to the building trades are keeping close watch on the big increases in residential building over last year. Paint and varnish manufacturers estimate their first-quarter sales at 15% ahead of last year, and prepared roofing fabricators estimate theirs at more than 30% ahead. Brick manufacturers' sales are running well ahead of 1935.

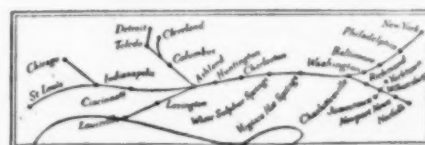


© 1936 The Chesapeake and Ohio Railway Company

CHESAPEAKE AND OHIO has a new theme song that's as old as the hills! You know the tune—but the modern words were written by our appreciative passengers as a lyrical tribute to Chessie . . . of **SLEEP LIKE A KITTEN** fame. And, you should hear the sweet harmony when good fellows get together and start singing the praises of America's Sleepheart—and of traveling in supreme comfort on the Chesapeake and Ohio Lines. Come, everybody, join in on the chorus! After an over-night trip on the Chesapeake and Ohio, you, too, will be serenading Chessie with . . . *Let me call you Sleepheart.*

The ticket agent of any railroad can route you on
THE GEORGE WASHINGTON
THE SPORTSMAN • THE F.F.V.

The Finest Fleet of Genuinely Air-Conditioned Trains in the World. Insist upon it!



George Washington's Railroad
CHESAPEAKE and OHIO
Lines
Original Predecessor Company Founded by George Washington in 1785

"A-L-L A-B-O-A-R-D The George Washington!"—ST. LOUIS—Union Station • CHICAGO—12th Street Central Station • INDIANAPOLIS—Union Station • LOUISVILLE—Central Station • CINCINNATI—Union Terminal • WASHINGTON—Union Station • PHILADELPHIA—Pennsylvania R. R. Stations • NEW YORK—Pennsylvania Station

Firestone

TIRES RUN *up to* 28° COOLER

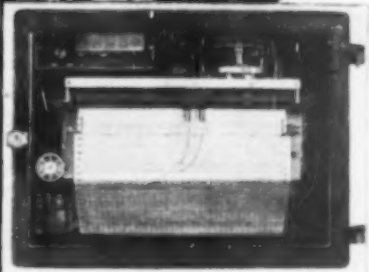


● Every truck operator knows that internal friction causes heat and heat is the greatest destroyer of tire life. The only way to counteract friction and heat is by Gum-Dipping, the Firestone patented process, which soaks the cords in liquid rubber, saturating and coating each tiny cotton fiber and strand within the cord, counteracting friction and heat at their very source. As a result of this patented process, Firestone Tires run up to 28° cooler than tires built without Gum-Dipped Cords.

This is why Firestone Tires are used on the country's largest transportation fleets from coast to coast. These operators choose tires strictly on performance . . . they know that Firestone Tires give them more dependable service at lowest cost per mile. See your nearby Firestone Auto Supply and Service Store or Firestone Tire Dealer today and start reducing *your* operating costs.

Listen to the Voice of Firestone featuring Richard Crooks or Nelson Eddy—with Margaret Speaks, Monday evenings over Nationwide N. B. C.—WEAF Network

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FIRESTONE TIRES RUN COOLER

This scientific instrument accurately measures the heat generated in tires at high sustained speeds. Firestone Tires run up to 28° cooler than tires built without Gum-Dipped Cords — this means added strength, greater dependability and longer mileage.



IDEAS ON THE MARCH

The greatest force that American business can muster to speed recovery is the power of ideas. Your brain child of today can become a tireless business builder tomorrow, if put into action by the Mimeograph—famed everywhere as the world's standard duplicator of letters, forms, bulletins, maps, etc. But in reality it is much more than that. More because the word Mimeograph encompasses a great human service, nation-wide and backed by an organized responsibility, a responsibility that has been fifty years a-building, a trained and tested responsibility. When you buy an A. B. Dick Company product you know that you have not only the original, the best that modern science can provide, but also a constant and dependable source of supply. Yours to command is our far-flung organization—men with ideas ready to march. Write A. B. Dick Company, Chicago, or see your classified telephone directory for local address.

M I M E O G R A P H



MARCH 21, 1936

Back to the Wall

Sudden strength of price-control legislation arouses large distributing and manufacturing interests to hot fight in defense of established trade practices.

CHAINS, voluntaries, wholesalers, mail-order houses, department stores, big manufacturers,—that whole curious federation of interests allied against the Patman price-control bill—were standing this week at Armageddon, battling for their right to do business under established competitive conditions.

Less than a fortnight ago it looked as though their battle had been won. The Patman bill had been sidetracked in the Senate, and the Judiciary Committee had been forced to schedule public hearings, nominally on the new Borah bill, actually on all price-control bills. In the House, Rep. Utterback and his subcommittee were supposed to be at work pulling the more jagged teeth in the Patman bill. The inevitable compromise measure seemed just around the corner.

Stab in the Back

This week, that idyllic picture was smashed beyond recognition when Rep. Utterback reported to the full House Judiciary Committee a bill which out-Patmans the original Patman proposal.

To manufacturers and mass distributors it was a stab in the back. It meant that the brokers, small wholesalers and

independent retailers were in the saddle more firmly than ever, riding hard for the toughest kind of a law. Later, the outlook became even more dismal when the promised Senate hearings were postponed a week, just 18 hours before they had been scheduled to open.

Among the ominous provisions in the new Utterback bill, the opponents of price control noted the following:

It would require that price differentials in various customer classifications be based "on the character of the selling of the purchaser and not on the buying." This would stop wholesale discounts to chains and mail-order houses, virtually destroy the retailer-owned co-operatives, and seriously hamper some voluntary groups.

It would forbid price differences to meet local competition.

It would require a manufacturer using a broker for any part of his business to charge brokerage fees to all customers—even those who bought direct.

It would empower the Federal Trade Commission to set top limits on quantity discounts.

It would require manufacturers and wholesalers to offer advertising allow-

ances and all services to all buyers on proportionally equal terms.

Finally, it would put the burden of proof on the accused in answering any charge of price discrimination.

To explain the sudden discomfiting shift in their position, opponents of price control did not have far to look. For one thing, independents were obviously feeling the oats fed them by FTC in the Goodyear-Sears decision (*BW*—Mar 14 '36, p. 20). For another, although the little men's march on Washington (*BW*—Mar 7 '36, p. 9) had been a rather dismal affair, the delegates had obviously done some good spade-work somewhere—probably in Jim Farley's office. Dark hints of campaign contributions and guarantees to rally votes at the polls are being passed around the trade.

May Check Independents

Despite the increasing likelihood of some legislation this session, chains and their allies still think the headlong rush of the independents can be checked.

A plausible argument can be made that the independents may be cutting their own throats (and those of manufacturers as well) in demanding so rigorous a law, for it may well force big mass distributors farther into the field of production, and independents could never hope to meet prices on such private-brand goods.

Again, there still remain Senate hearings (scheduled for next Tuesday) and floor debate. Somewhere along the line, chains believe the logic of not hamstringing the steadily improving effi-



Harris & Ewing *Acme* *Harris & Ewing*
F.O.B. MEANS FIGHT-ON-BOARD—Steel is one industry that doesn't relish a compulsory f.o.b. price quoting system, and if any such proposal is tacked on the Patman bill it means a bigger fight than ever. Among steelmen at last week's hearings on the Wheeler anti-basing point bill: Thomas R. Akin of Laclede Steel (left), W. W. Sebald of American Rolling Mills (leaning over Sen. Donahay), D. A. Williams of Continental Steel (right).



ciency in distribution can be borne home.

They point out that in the past two decades, as independents have adapted chain tactics to their own needs, distributing costs and ultimate prices to the consumer have been shaved. And as evidence that independents today can beat the corporate chains at their own game, they point to statistics just assembled by Dun & Bradstreet showing that 3,004 independents in 17 lines of trade improved their dollar volume an average of 12.7% in 1935.

Chain Increases Lag

Druggists and grocers, the most vociferous advocates of price control, gained 20.9% and 11.6%, respectively. Variety stores gained 12.8%. These figures compare with increases of 4% for grocery chains and 1.1% for variety chains, as reported by the Department of Commerce, and with the department store increase of 5.3%, as reported by the Federal Reserve Board.

Further, there has been a steady decline during the past four years both in the number of failures and in the aggregate figures for outstanding liabilities of independent grocery and drug stores.

But where logic fails, opponents of price control figure they can count heavily on the support of new allies. So far the fight has chiefly embroiled only those in the food and drug field. But the Clayton anti-trust act, and such amendments of it as the Patman and Utterback proposals, apply to all producers and distributors—everyone who buys and sells. Automobile, petroleum, tire, clothing, and hardware manufacturers are just beginning to wake up to what's going on.

Now it is proposed to add the Wheeler-Utterback anti-basing-point bill to the Patman bill or the Utterback revision of it. And this attempt to force all quotations on an f.o.b. rather than a delivered price-basis is sure to stimulate plenty of opposition from Pittsburgh, Minneapolis, and Akron. The ability to lay down goods at the same price at any point in the country by means of averaging freight costs (and absorbing them when necessary) is prized not only by the grocery business but by steel, sugar, cement, rubber, and milling.

Will Appeal to Consumers

Finally, chains, mail-order houses, and big department stores hope to awake consumer agitation over the threat to the national pocketbook in the proposed legislation.

And if by some chance a really tough bill does squeeze through this session (not as tough as Utterback's latest draft, however, for not even independents actually expect that), the big distributors and manufacturers think it will be held unconstitutional, and hope that if it does get by the courts it will prove as unenforceable as the Clayton act has.

Field's Is All Set

Quitting as a jobber, Chicago firm prepares to push its new manufacturing division.

MARSHALL FIELD & Co. has completed the groundwork for cutting loose from jobbing accounts, and is all set to throw its new manufacturing division into high gear, Field employees learned this week.

The announcement came by way of a sprightly little booklet, nicely done up in green and white, signed by James O. McKinsey, Field chairman, who did the revamping which ended the old wholesale division's handling of rival lines (BW—Oct 19 '35, p. 28).

Although addressed to the Chicago firm's sales force, the booklet was eagerly studied by the trade in general.

Eliminating goods it formerly bought from other manufacturers, including some dry goods and "hard lines" (jewelry, handbags, hardware, furniture, and so on), the manufacturing division will concentrate on the sale of goods of its own manufacture, conversion, or exclusive importation—mainly textiles.

It will aim at selected customers, in two classes which account for approximately 80% of total retail volume: large retailers in large trading centers, and chains or others who buy in bulk.

A new bureau of design is improving Field style; a new sales promotion department has been set up, and a new market research director has been engaged. Modernization of manufacturing facilities has already run to nearly half a million dollars, may demand another million and a half.

The opening gun in a big Field Day will be a \$50,000 advertising expenditure in trade magazines.

Price-Cutter Fined

Six-month jail sentence suspended in case of violator of California loss-leader act.

THAT selling "below cost" in violation of the California Unfair Trade Practices Act lays the offender open to criminal court action with possible fine and imprisonment was brought home forcibly this week to retailers of that state. J. Kahn, of the S & K (Shapiro & Kahn) Markets, Southern California supermarket chain, pleaded guilty to a complaint charging sale of a six-pound can of Crisco for 89¢ and was sentenced under the act to six months in jail and fined \$500 by Municipal Judge H. A. Decker in San Fernando.

The Unfair Practices Act provides for criminal action against an offender by a municipality as well as by the state. Because it was the defendant's first offense, the jail term was suspended for two years. But the fine stands.

No more chinning, MADAM!

It used to be said of the Master Draper, head of an old-time dry goods store, that he stroked his chin knowingly when certain customers walked in. This was a sign to his assistant that they could probably be "shaved" ... or given the worst of the bargain!

Today, walking in and buying the goods for a new dress is wholly without any such hazard. The fabric marked "wool" is just that. Pure silk is woven from the natural silkworm product. If the fabric is composed of one of the newer, man-made yarns, the type of rayon is usually named in a sign on the counter, or on the end of the bolt of cloth.

And the price, you get out of the advertisement ... no quibbling about that! You read before you shop, and buy just as much as the pattern-envelope calls for. Every day, now, there are especially good buys in dress goods. Have you looked at all the advertising pages today?

BUSINESS WEEK

ADVERTISING ADVERTISING—

American newspapers and magazines will devote \$25,000,000 worth of space to telling advertising's story this year, says N. W. Ayer & Son, Inc., which turned out this advertisement, one of a series offered free to publications. To date the campaign has been accepted by 1,617 newspapers, 25 general magazines, 13 women's magazines, 29 farm publications.

Two decisions this week by superior courts upholding the constitutionality of the Unfair Practices Act helped restore the spirits of its advocates, who had been somewhat depressed by their only adverse ruling—that of Superior Judge Clarence L. Kincaid, in Los Angeles (BW—Mar 14 '36, p. 35).

Six to One for the Act

This week's batch of decisions was handed down by Judge Frank T. Deasy, of San Francisco, in the case of the Retail Grocers & Merchants Association of San Francisco vs. Rosenthal's; and by Judge Malcolm Glenn, of Sacramento, in Retail Grocers Association of Sacramento vs. Public Food Stores. These make the score of judicial decisions six to one in favor of the constitutionality of the act.

Preparations are under way to rush the Kincaid ruling (Everett L. Balzer vs. Donald L. Calder) on appeal to the state Supreme Court. Meanwhile, "price stabilization" programs for the grocery field are being worked out hopefully by retail grocers' associations in San Francisco and Los Angeles.

The California Fair Trade Act—which forbids retailers to sell any product below the price set by its manufacturer in a contract with any retailer in the state—is constitutional, according to the opinion expressed informally by United States District Judge Albert L. Stephens in the case of the Bristol-Myers Co. vs. E. A. Tishouser, of Los Angeles, owner of the Union Drive Cut Rate Pharmacy. The state Supreme Court has also sustained the act.

More Relief and Shorter Hours

President asks for another billion and a half, but will want more unless business takes up the slack.

WASHINGTON (*Business Week Bureau*)—President Roosevelt told Congress this week that relief expenditures for the next fiscal year will be cut, as compared with this, by precisely the amount business can save the government by employing additional workers who otherwise would be on relief projects.

Against a dramatic backdrop provided by floods in several Eastern states, and with dispatches pouring new tales of human suffering and property destruction into Washington, he sent to Congress a revised 1937 budget picture—and reserved the privilege of revising it again if industry should lag in re-employing those on relief.

Adds Billion and a Half

His awaited relief message tacked a tentative \$1,500,000,000 expenditure on the \$2,161,797,000 already in the figures for recovery, pump-priming, and relief, either as unexpended remnants of 1936 appropriations or as items sprinkled through the regular budget.

This makes a total of \$3,661,797,000 for the complete program in the fiscal year ending June 30, 1937. It is nearly \$400,000,000 less than the sum that will be so disbursed by the end of the current fiscal year.

The President put up to business the

responsibility of making that saving possible by shortening hours. Relief officials say this means that business must reabsorb a net of 500,000 workers. Otherwise the first demand on the Seventy-fifth Congress next January will be for more relief money.

He'll Get It

Congress will give the President the billion and a half lump sum he asks. It would much prefer to do various other things. Some of its members—notably Sen. Glass of Virginia and Sen. Adams of Colorado—have always held that both public works and boondoggling are too expensive for the ultimate safety of the public credit. They want the straight dole.

More object to giving the President a lump-sum grant and would like to pass an omnibus bill of the old rivers-and-harbors or public works type, specifying relief projects and the amounts to be spent on each.

However, the alternatives are under handicaps. The dole might open the door to the hundreds of thousands of unemployables whom Roosevelt is trying to force back on the states. The omnibus projects bill would cost more per man employed. Above all, it would take a lot of time, and Congress wants to go home. It already has plenty of trouble ahead in the tax bill.

There will be resounding debate of course and Harry Hopkins will be pretty uncomfortable while it is going on. The President won't worry—he is good at not doing that unless Jim Farley thinks electoral votes are endangered. In the end he'll get what he wants, with some harmless restrictions.

Incidentally Sec. Ickes doesn't get what he wants. In announcing that the entire new billion and a half would go to WPA, the President wound up his program of non-federal public works projects and threw out of the window nearly 1,500 of these (estimated to cost \$350,000,000) which had been ap-

proved for allotment if PWA got more funds.

If there are no further new appropriations, and Congress enacts the new tax suggestions or their money-raising equivalents, the 1937 federal deficit will be about \$2,200,000,000—a billion and a half less than the probable deficit this year. The 1937 budget, revised to take account of both the revenue and the relief programs, will look like this:

RECEIPTS

Original estimates \$5,654,217,650
Less—Outlawed AAA taxes 547,300,000

\$5,106,917,650

Plus—Net increase from
"surplus" taxes... 620,000,000
New processing taxes 221,000,000
"Windfall" taxes... 100,000,000

Total \$6,047,917,650

EXPENDITURES

Original estimates \$6,752,606,370
Less—AAA payments 619,347,000

\$6,133,259,370

Plus—Soil conservation... 500,000,000
Added bonus costs.. 120,000,000
Added relief 1,500,000,000

Total \$8,253,259,370

DEFICIT \$2,205,341,720

Of course the new processing and "windfall" taxes are to make up for revenues lost during this fiscal year, when the stopping of processing taxes set the Treasury back \$472,000,000 and jumped the deficit from an original estimate of \$3,235,000,000 to what will probably turn out to be \$3,707,000,000.

Processing Tax Loss

This mishap has spoiled the downward progression of deficits. Last year's was only \$3,575,000,000.

The new billion and a half relief appropriation, if that proves enough to



ANOTHER EMERGENCY—Ambassador Bingham discusses the European crisis with Secretary of State Hull. What they said is not a matter of public record, but business knows Sec. Hull as

a firm believer in lasting peace built on reciprocal trade recovery, knows Mr. Bingham as an envoy who isn't easily frightened into an attack of the jitters.



Underwood & Underwood

RELIEF IN STARK RELIEF

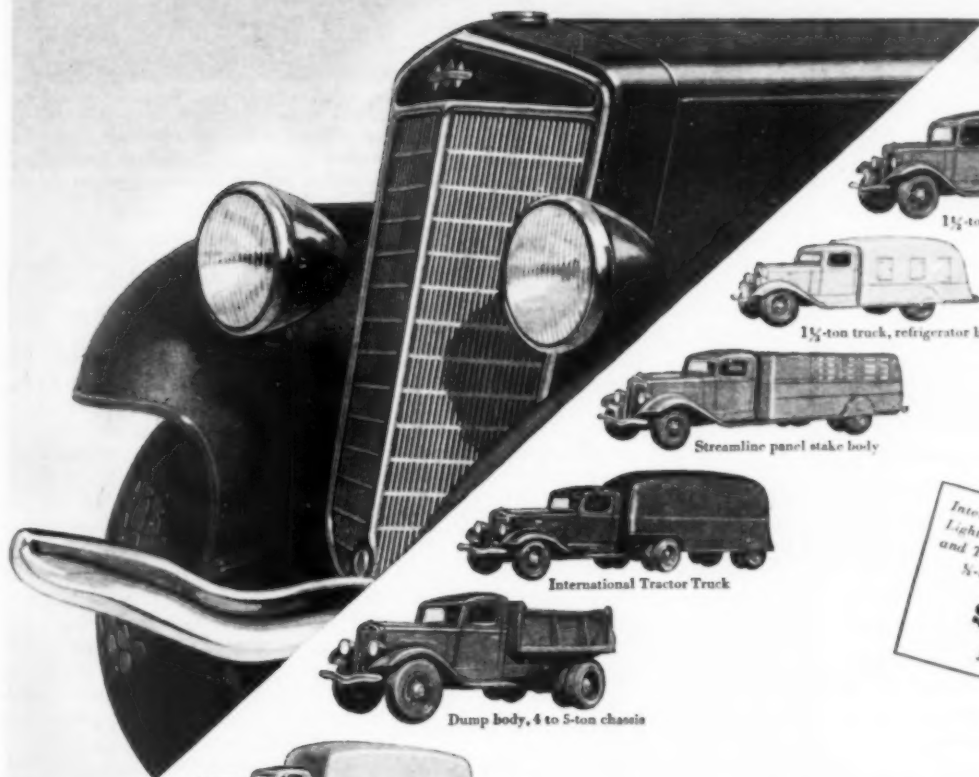
Here's How the Federal Emergency Money Has Rolled Out

(All fiscal years ending June 30)

Spent For	1934		1935		1936		1937	
	Non-repayable	Repayable	Non-repayable	Repayable	Non-repayable	Repayable	Non-repayable	Repayable
MADE-WORK AND DOLE								
FERA	\$667,298,436	\$	\$1,737,906,817	\$	\$404,351,700	\$	\$	\$
Surplus Relief Corp.	40,053,808		76,570,515		20,000,000			
CWA	805,122,892		11,327,264		469,100			
CCC	331,940,851		435,508,643		523,383,000		220,000,000	
WPA					1,000,000,000		1,500,000,000	
PUMP PRIMING								
PWA*					20,000,000		15,000,000	
Administrative expenses	6,539,315		14,561,003					
Grants to states, cities, etc.	12,273,185		34,445,313		52,430,000		325,756,000	
Loans to states, cities, etc.	267,882,018	66,323,044	317,356,940	103,262,105	276,545,000		236,518,000	
Highways	72,450,382		147,924,752		150,510,000		84,511,000	
Rivers and Harbors								
Through Govt. Depots								
Legislative	123,382		486,103		1,761,500		636,582	
Treasury	747,170		2,659,016		2,462,700		49,305,000	
War (non-military)	22,118,576		38,572,793		86,362,200			
Army	775,478		1,488,376		640,300			
Navy	38,023,229		61,298,999		21,938,400		4,850,000	
Justice	22,640,905		415,037,330		138,290,600		41,225,000	
Post office	137,450		531,704		700,000			
Interior	6,198							
Agriculture	17,183,404		37,491,355		\$5,082,900		53,958,500	
Commerce	13,002,563		15,722,947		50,045,741		56,719,800	
Transportation	1,908,472		10,768,848		12,768,000		125,750	
Labor	1,908,472		10,768,848		9,795,600		154,000	
Veterans' Administration	401,034		1,491,450		2,314,620		64,500	
Independent offices	905,286		4,490,966		15,229,200		23,698,000	
Dist. of Columbia	180,911		957,701					
Unclassified	\$339,918		418,175					
Boulder Dam	19,445,382	19,445,382	23,820,507	23,820,507		\$15,755,300	\$9,100,000	
Other reclamation	3,009,962	3,009,962	15,644,679	15,644,679		22,344,000	3,861,600	
Panama Canal	751,480		16,821		900			
REA	11,036,795		36,148,537		247,000		125,000	
TVA					\$29,601,614			2,377,000
BUSINESS RELIEF								
RFC	\$20,455,630	608,078,647	\$21,897,084	\$113,512,874		\$215,000,000		\$125,000,000
Export-Import Bank		2,654,524		\$2,616,497		17,118,582		10,000,000
NRA	6,632,492	70,739,000	12,496,731	66,230,753		40,000,000		
NFA loans to railroads		149,502,150		497,850				
FDIC								
FARM RELIEF								
Soil Conservation	290,249,669		743,027,311		598,127,000		500,000,000	
AAA	351,854,157		490,171,663		57,144,364			
Less processing taxes	\$61,604,488		252,855,648		\$40,982,646			
Net cost	7,029,257		12,477,675		30,000,000		23,000,000	
Federal Land Banks		37,387,917	80,561,250	35,569,326	4,238,000	35,000,000		41,000,000
Dept. of Agric.—relief								
Federal Intermediate Credit Banks	2,096,993	25,000,000	8,603,628	15,000,000				
Regional Agric. Credit Corp.		5,659,822						
Commodity Credit Corp.		164,541,935						
Joint Stock Land Banks		\$102,354,406						
Group and Feed Loans								
Production cooperatives		105,000,000						
Bracero program		110,000,000						
Federal Farm Mortgage Corp.		199,889,711						
HOUSING								
Emergency Housing		369,352						
FHA								
Subsistence Homesteads		2,372,313						
Resettlement Administration								
Home Loan Banks		38,475,700						
HOLC		153,000,000						
Federal Savings and Loan Assoc.		754,800						
Unallocated								
Totals	\$2,272,032,841	\$1,657,690,697	\$3,454,136,211	\$3,041,970,278	\$3,666,953,516	\$140,830,307	\$3,014,869,132	\$167,800,500
Totals, partly repayable					\$125,650,000	\$277,367,000	\$475,756,000	\$10,170,000
c—Totals indicates excess of credits; deduct:								
\$45,000,000; 1936—\$20,598,386. Boulder Dam: 1937—\$16,600,000; 1936—\$13,000,000.								

*The regular budget made additional provisions as follows: General public works program: 1937—\$277,367,000; 1936—\$73,918,000. TVA: 1937—

Your Search For The RIGHT Truck Ends Here



1/2-ton truck,
pick-up body



1 1/2-ton truck, panel body



1 1/2-ton truck, refrigerator body



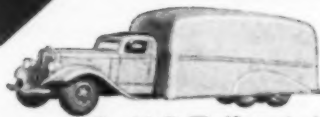
Streamline panel stake body



International Tractor Truck



Dump body, 4 to 5-ton chassis



One of the Six-Wheel Internationals



All types of bodies available



International sizes range from
Light-Delivery to powerful Dump
and Tractor Trucks, starting with
1/2-ton 6-cylinder chassis at

\$400

f. o. b. factory

If hauling at a profit is important to your business, then no matter what your requirements may be, there's a truck for your job in the International line. The 26 International models come in a total of 70 wheelbase lengths. Carrying capacities range from Half-Ton to powerful Six-Wheelers. Here, in one line of trucks, the needs of the trucking world are met completely.

Each year increasing num-

bers of truck operators realize that this complete line holds the best solution to their hauling problems. International's new-truck registrations for the year 1935 over 1934 showed a gain nearly three times as large as that of the truck industry as a whole.

Drop in at any International branch or dealer and inspect these trucks. A demonstration will point the way to new profit in your business.

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. (INCORPORATED) Chicago, Illinois

INTERNATIONAL TRUCKS

135 MILLIONS in the last ten years

The one and only idea of Mutual fire insurance is to benefit the policyholder.

That is the sole principle upon which Mutual fire insurance was founded almost two hundred years ago and upon which it has been operating ever since.

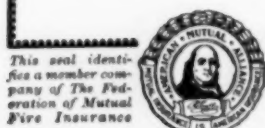
One of the great benefits to the policyholders is the savings they receive from reducing costs by reducing losses. This is accomplished by efficient management that selects only the better risks . . . by careful management that educates policyholders to avoid fires . . . and by economical management that effects lower selling and operating costs.

During the past ten years the 75 companies of the Federation of Mutual Fire Insurance Companies returned to their policyholders over \$135,000,000 in savings.

If you would care to share in such savings write for the booklet, "Mutual Fire Insurance." Address the Federation of Mutual Fire Insurance Companies, 230 North Michigan Avenue, Chicago, Illinois.

MUTUAL FIRE INSURANCE

An American Institution



This seal identifies a member company of The Federation of Mutual Fire Insurance

Companies and the American Mutual Alliance. It is a symbol of soundness and stability.



NO STRIKE HERE—Goodyear's big plants were shut tight by a strike which put rubber workers' pickets at every gate, but Goodyear's sales and accounting force had plenty of work to do and wanted to get at it. Turned back at the plant, they went to the Tower Bldg. in Akron, set up temporary offices on the 23rd floor, spread out the records and went right ahead.

last until June 30, 1937, will still leave relief and recovery costs for that period the lowest for the New Deal, as is indicated in the tabulation (page 12) of extraordinary outlays since 1934. With a net credit on recoverable types of outlays, the grand total of the relief bill in 1937 should be about \$3,662,000,000.

That would compare with an aggregate for fiscal year 1936 that will exceed four billions if the regular budget provisions for emergency and recovery purposes are included.

Floods meanwhile necessitate new emergency work to provide for the destitute in parts of all Northeastern states and to repair physical ravages.

On the Labor Front

Akron strike still rages, but one in New York ends. Seamen's strike splits Cabinet.

NEW YORK set an example for Akron this week. A majority of Manhattan's building service employees went back to work, leaving their arguments for higher wages and a closed shop to be settled by arbitration.

But Goodyear rubber workers continued their picketing of the world's largest tire factory, going into their fourth week and threatening to call a general strike by other Akron industries if the Goodyear company did not meet their demands.

The company had unbent a trifle, offering a five-point treaty which was promptly tossed back by the United Rubber Workers. The strikers complained that the company's peace offer did not touch on the reputed financial backing of the Industrial Assembly, a 17-year-old company union. Matching

temper with temper, Goodyear officials thereupon picked up their marbles and refused to play; they would go ahead and open the plant anyway, they said.

Akron sentiment in general was summed up in an editorial blast by the *Beacon Journal*, entitled, "We've Had a Belly Full." The newspaper called on both sides to give in a bit, pointing out that some \$2,000,000 in payroll losses had been partially written off on the cuffs of Akron grocers, landlords, merchants, and professional men.

The city stood to lose even more than that, however, if the spring automobile tire orders found Goodyear's big plant still closed down. Other Akron rubber companies were not happy about it, either, because the general strike possibility would include them if peace were delayed too long.

Into the Cabinet

Seamen's wage disputes on both coasts, meanwhile, had reached into the Roosevelt Cabinet at Washington, embroiling the Secretaries of Labor and Commerce in a test of authority. Strikers who held up the liner *California* for three days at San Pedro, Calif., were charged with mutiny by Sec. Roper, who requested that the Department of Justice prosecute them. This was stepping heavily on the well-shod toes of Sec. Perkins, but Sec. Roper later changed his mind and the mutiny charges were dropped. The strikers were fired.

Eastern ship owners are signing up a new agreement with the International Seamen's Union, by which deck and engineering staffs will be paid \$62.50 a month and stewards \$45—a \$5 raise in each case. Thus tension in the Atlantic lanes is eased considerably, with minor grumbling from the stewards, whose fellow-workers on the Pacific Coast get \$50 a month.

Metropolitan Life Insurance Company Policyholders

have an interest in this Annual Report

IT may be assumed that these policyholders took out their insurance through a sense of responsibility for those in whose protection they are interested.

When they pay their premiums, there falls upon the Insurance Company a responsibility to pay current claims and to provide adequate funds for the payment of all future obligations.

The figures below show the amount of the claims paid by this Company last year. They also show how well prepared the Company is to meet its responsibilities in the future.

The number of policies and the amount of insurance in force reflect the confidence reposed in the Company by the people of the United States and Canada.

Report for the Year Ending December 31, 1935

(In accordance with the Annual Statement filed with the New York State Insurance Department)

INSURANCE IN FORCE

Life:	
Ordinary	\$10,483,415,421.00
Industrial	6,829,500,380.00
Group	2,956,433,775.00
Total	\$20,269,349,576.00

Accident and Health	
Weekly Indemnity	\$15,650,772.00

Policies:	
Life (Including 1,670,041 Group Certificates)	42,165,146
Accident and Health (Including 865,981 Group Certificates)	1,082,250

ASSETS AND LIABILITIES

Assets	\$4,234,802,511.49
Liabilities:	
Statutory Policy Reserve . .	3,689,776,768.00
Dividends payable to policyholders in 1936	95,994,851.00
Other Liabilities	144,221,171.70
Contingency Reserve	45,000,000.00
Total Liabilities	\$3,974,992,790.70
Unassigned Funds (Surplus) .	\$259,809,720.79

BUSINESS IN 1935 (YEAR'S FIGURES)

New Life Insurance issued:	
Ordinary	\$1,116,686,662.00
Industrial	1,016,825,103.00
Group	172,083,462.00
Total	\$2,305,595,227.00
Revived and Increased	\$813,312,899.00

Payments to Beneficiaries and Policyholders:	
Death benefits	\$157,889,172.69
Other payments to policyholders	\$377,362,411.32
Total Payments	\$535,251,584.01

BUSINESS IN 1935 (DAILY AVERAGES)

Life policies issued and revived per day .	18,242
Number of claims paid per day	2,280
Life insurance issued, revived and increased per day	\$10,327,510.00
Payments to beneficiaries and policyholders and addition to reserve per day	\$2,330,620.00
Increase in assets per day	\$674,485.00



The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER
President

NEW YORK

LEROY A. LINCOLN
Vice-President and General Counsel

✓ Container Conflict

Drive of the beer can on the bottle market is only one battle in a war that covers the entire field. The paper container is fighting the milk bottle.

THE beer can's dramatic drive against the traditional bottle focuses attention on changes in the huge container industry that are important to any company with a product to package or distribute.

Improvements in retail sales encourage promotion campaigns based on new containers and stimulate developments that loafed along experimentally during the lean years.

The acquisition of entirely new lines (such as Owens-Illinois Glass Co.'s purchase of can companies) might be taken to indicate a battle of giants in which somebody would take an awful beating. Actually, it may presage a blurring of competitive lines, new markets, and little or no diminution of the present handsome earnings.

Boost for Packaging

The outlook is sunny and the bluebirds are singing. Consumers are again demanding quality. This forecasts a greater market for branded goods and an expansion in packaging. Furthermore, there is in many fields a trend toward smaller container units, which reflects not only the consumer's yen for greater variety but also the increases in sales by such low-price outlets as the Woolworth chain. Here is another boost for packaging.

Just as bitter as the fight between the beer bottle and the beer can (but less widely trumpeted) is the conflict between milk bottle and paper container.

First came the Sealcone paper con-

tainer for liquids (about 1928). It had tough going on its lower retail price differential against the entrenched bottle. Even tougher was the period when the Agricultural Adjustment Administration tried to regulate milk prices.

Sealcone had a bad case of scrambled emotions when it saw huge American Can come into the paper container field. Here was competition of the first order, but American Can also became an ally. Its powerful organization could help extend the general acceptance of paper containers and assist in their defense before milk-control boards.

The sale of milk in paper containers is now confined largely to volume deliveries (to retailers, schools, and so forth). This volume business runs from 25% to 50% of the total, depending on the localities. Experiments are now in progress to determine how well paper-contained milk will sell on consumer routes.

Savings on the Route

Bottled milk beats its new competitor on costs up to the time when it leaves the plant's loading platform. From that point the paper container claims savings. There is no heavy load of bottles to haul or handle, there are no empties to truck back, since the paper container is thrown away, and there is almost no loss from breakages.

On these grounds, lower retail prices have been sought for milk in paper. That started trouble. State control

boards have ruled variously on the price differentials. New York decided that unadvertised brands could sell at 1¢ a quart less than advertised. New Jersey ruled that milk in glass and paper should sell at the same price whether delivered to a retailer or to the consumer's doorstep. Massachusetts ruled that milk in paper must sell for 1¢ higher than bottled milk. Pressure by farm representatives complicates all such governmental deliberations.

Glass Counter-Attacks

Owens-Illinois continues to lead the counter attack of the beer bottle interests against American, Continental, and National Can companies. While pushing its throw-away ("stubby") bottle, Owens-Illinois acquired two small can-manufacturing companies. Its declared policy is the production not of beer cans but of packer and general lines, which comprise the primary market for cans.

Further, Owens-Illinois marks an advance of glass containers in the coffee packaging field. One of the company's recent advertisements listed 300 brands of coffee that are now glass-contained. This followed a defection by Chase & Sanborn, which went from cans to bags for its dated coffee (*BW*—May 11 '35, p12).

To back up efforts of individual companies, the Glass Container Association will next month start a general campaign for bottles with advertising in national consumer magazines.

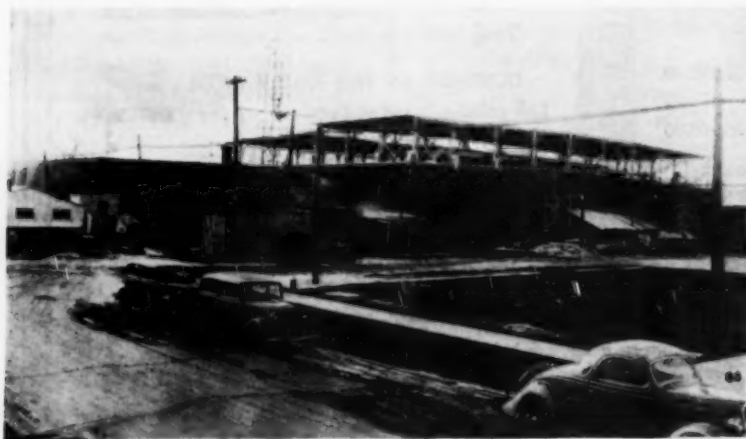
A probable outcome of the can companies' drive for beer container business is an increased consumption of beer. American Can's consumer advertising stresses the virtues of beer drinking as well as beer in its cans. (Though the brewing industry realizes the need for raising consumption from the present 45,000,000 bbl. annually to the old average of over 62,000,000, it hasn't got very far with cooperative advertising campaigns.)

Summer Should Tell

Estimates of beer cans sold last year come to 350 millions. This means that about one million bbl. of the 45 million beer total went into cans. Bottle makers think this summer will decide whether the beer can is to advance or fall back.

Can manufacturers admit that the present beer container business looks pretty small when compared to total can sales of 10 billions, of which six billions are packers. But they figure they could sell four billion cans if they could capture the entire beer market, and that is something worth fighting for.

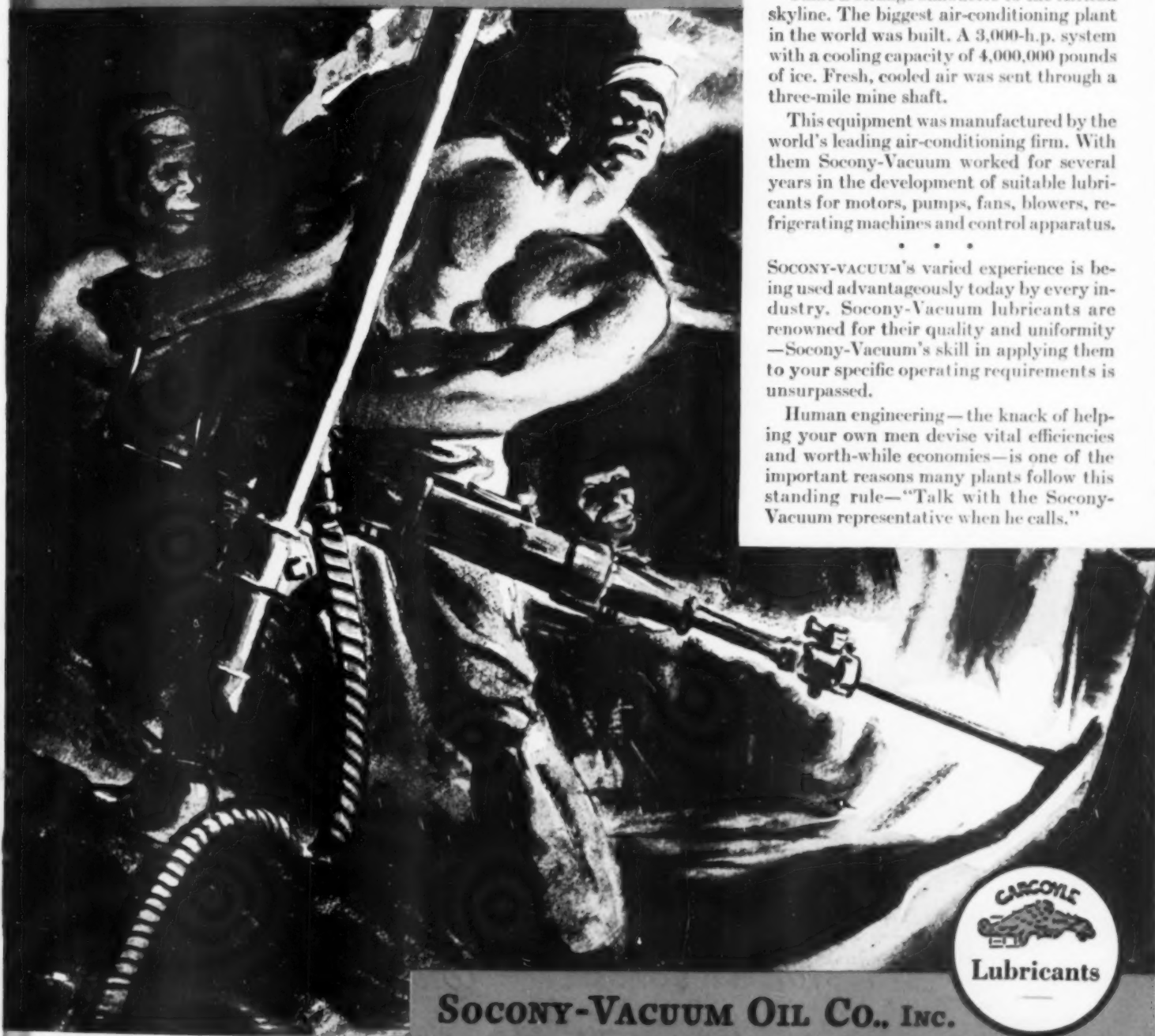
All this movement is symptomatic of the excitement in which the container industry finds itself. Recently American Can bought the Chicago can plant of Libby, McNeill & Libby. Continental retorted by acquiring Armour's Chicago can-making plant. Crown Cork & Seal protects itself against possible wholesale



BUTTON UP YOUR OVERCOAT—Right through a record-breaking Canadian winter, 500 men pushed construction of the new factory being built for Continental Can Co. of Canada at New Toronto, Ont. The Austin Co. of Canada, which has the construction contract, put a steam-heated Eskimo suit around the building, boosted the jacket as floors were finished, lighted it to allow day and night work. The job began Jan. 14, is scheduled to be finished Apr. 15.

Mile and a Half under Africa

*A Little True Story From 70 Years
of Making Gargoyle Lubrication Mean
Correct Lubrication . . .*



Black men carve yellow gold from hot rock with the aid of cool, dry air supplied by modern machinery correctly lubricated by Socony-Vacuum.

THE MOST SPECTACULAR mine in South Africa's Rand is the Robinson Deep. The bottom of its shaft marks the deepest point penetrated by man beneath the surface of the earth.

At this depth, 8,380 feet, nature had hidden one of her richest veins of gold-bearing ore. And set on guard a terrifying blend of elements. Sizzling heat . . . 100° to 120° . . . ore almost too hot to touch . . . humidity . . . saturating damp.

With gold as the goal, nature was fought with her own elements. Air—cool, dry air—was the weapon. And oil, an offspring of nature—lubricating oil by Socony-Vacuum—aided in her defeat.

Came a strange silhouette to the African skyline. The biggest air-conditioning plant in the world was built. A 3,000-h.p. system with a cooling capacity of 4,000,000 pounds of ice. Fresh, cooled air was sent through a three-mile mine shaft.

This equipment was manufactured by the world's leading air-conditioning firm. With them Socony-Vacuum worked for several years in the development of suitable lubricants for motors, pumps, fans, blowers, refrigerating machines and control apparatus.

SOCONY-VACUUM's varied experience is being used advantageously today by every industry. Socony-Vacuum lubricants are renowned for their quality and uniformity—Socony-Vacuum's skill in applying them to your specific operating requirements is unsurpassed.

Human engineering—the knack of helping your own men devise vital efficiencies and worth-while economies—is one of the important reasons many plants follow this standing rule—"Talk with the Socony-Vacuum representative when he calls."

SOCONY-VACUUM OIL CO., INC.

STANDARD OIL OF NEW YORK DIVISION • WHITE STAR DIVISION • LUBRITE DIVISION • WHITE EAGLE DIVISION • WADHAMS OIL COMPANY • MAGNOLIA PETROLEUM COMPANY • GENERAL PETROLEUM CORPORATION OF CALIFORNIA





MASTER DE LUXE SPORT SEDAN

... across this page and then across town in the
NEW 1936 CHEVROLET

NO DRAFT VENTILATION

Take a ride in the new Chevrolet for 1936. Notice, first of all, the greater beauty, luxury and more healthful comfort of its *Turret Top Body with Fisher No Draft Ventilation*. It's the smarter, safer body and, of course, it's exclusive to Chevrolet in its price range.

KNEE-ACTION RIDE*

Give particular attention to the unmatched smoothness of the gliding *Knee-Action Ride**. The safest, steadiest, most comfortable ride ever developed. It's obtainable *only with Knee-Action*, and Knee-Action is also exclusive to the Master De Luxe Chevrolet in its field.

TURRET TOP

Next, examine the *Solid Steel one-piece Turret Top*. This top puts the safety of solid seamless steel over your head . . . stiffens and reinforces the entire body structure . . . beautifies and identifies the modern car . . . and it, too, is exclusive to Chevrolet in its field.

SHOCKPROOF STEERING*

Notice, too, how perfectly steady and vibrationless the steering wheel is at all times. How much simpler and easier it is to drive and park this car. That's due to *Shockproof Steering**, a direct result of Knee-Action, and another exclusive Chevrolet advantage.

HIGH-COMPRESSION ENGINE

Now start Chevrolet's *High-Compression Valve-in-Head Engine*. The most economical of all fine power plants. Notice how much quicker this new Chevrolet is on the getaway, how much livelier in traffic, how much smoother and more satisfying in all ways on the open road.

PERFECTED HYDRAULIC BRAKES

Now step on Chevrolet's *New Perfected Hydraulic Brakes*, as lightly or firmly as you please, and bring the car to a smooth, quick, even stop. You've never felt such super-safe brakes before, and won't today anywhere else, for they're exclusive to Chevrolet in its price range.

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN

*Available in Master De Luxe models only. *Knee-Action*, \$20 additional

6% NEW MONEY-SAVING G.M.A.C. TIME PAYMENT PLAN

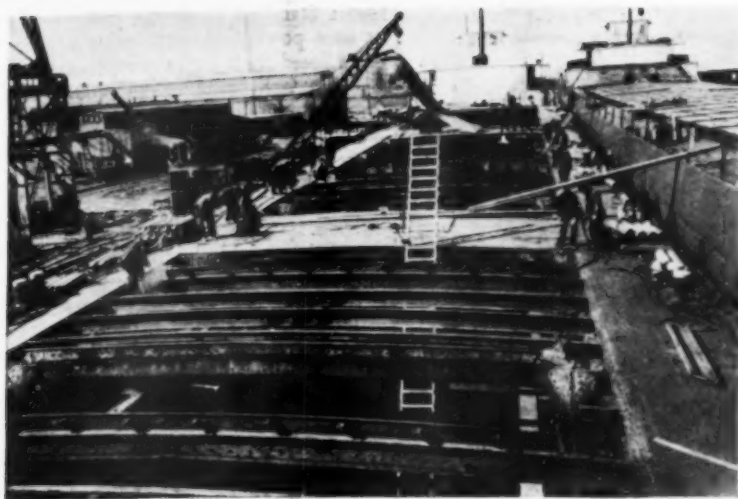
Compare Chevrolet's low delivered prices and low monthly payments.

ONE RIDE AND YOU'LL NEVER BE SATISFIED UNTIL YOU OWN

The only complete low-priced car



A GENERAL MOTORS VALUE



GOING AFTER THE BUSINESS—When the cargo steamer *G. G. Post* is rebuilt and ready to take to the Great Lakes trade lanes again, she will be prepared to do a lot of jobs which ought to keep her busy. Loading, storage and unloading equipment for the *Post* is designed to take care of steel and iron, rock, stone, sand, coal, and a host of other things.

shifts to cans by taking over the Acme Can Co., of Philadelphia.

There is persistent talk of a new aluminum-coated plate to compete with tinplate. (Aluminum cans are already in limited use for certain fish products.) From England come rumors of a stainless steel coating which may ultimately compete with tin in the container field.

Taken together, these things indicate that old boundaries are giving way and that an era of change is upon the container industry. Revolutions are in order. The housewife may even dream of a self-opening can, or suppression of those geniuses who design strange and baffling closures for bottles and jars.

Boats Get Business

Steel mills cut costs by shipping on Great Lakes; boats rebuilt for this purpose widen facilities.

AN increasing amount of tonnage for Great Lakes shipping has come "over the transom" from steel mills anxious to recoup by cheaper transportation some of the net that they have lost in meeting competition.

Year by year there has been an increase in iron and steel products, scrap iron, and other essential raw commodities moved by water to and from steel mills.

Such movements have greatly changed the source of supplies, because the lower freight rates made possible by water transportation have brought certain markets closer together and radically changed market conditions. Probably more than 500,000 tons of miscellaneous steel products and scrap iron moved

by water between these markets during the last year.

Few lake boats possess the long and wide hatches and the self-loading and self-unloading equipment required to handle this kind of business.

The latest boat to be rebuilt and re-equipped to carry such cargoes is the steamer *G. G. Post*, 5,800 gross tons capacity, owned by Oglebay-Norton & Co. of Cleveland through its affiliate, the Columbia Transportation Co.

It has two 48-ft. hatches fore and aft, and a mid-ship hatch 80 ft. long; 65-in. electric magnets, the largest available, to take care of iron and steel scrap, and pig iron; 2½ yd. clamshell grab-buckets, for bringing sulphur, phosphate, rock, stone, gravel, sand, and coal aboard; two 45-ton revolving steam-cranes and 65-ft. live booms, which can handle the heaviest of cargoes with speed and efficiency.

The boat will be able to go into all sorts of way ports, and handle cargoes 45 ft. from her side where there are no dock facilities. And she is expected to stimulate the movement by water not only of the heaviest steel products but also of a whole host of commodities.

Reward for Effort

Standard of California boosts crude oil prices in return for partly successful curtailment.

THE Standard Oil Co. of California has made good its offer to pay more for crude purchases in return for curtailed production (*BW*—Feb 8 '36, p7). And other buyers have fallen into line.

Lacking control laws which help keep down the lid in competing states, Cali-



IN BOXES!

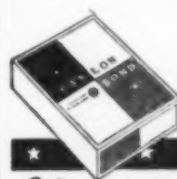
*for little more
than cheapest papers*

Is letterhead storage a problem to your firm, as to many? Do paper-wrapped letterheads get dusty, cause untidiness and costly spoilage?

Your printer can supply *watermarked* Caslon Bond letterheads in dustproof 500-sheet Caslon Bond boxes, with strong walls that prevent wrinkled letterheads and folding tops that permit quick removal of sheets . . . at a surprisingly low cost.

Even in these exclusive boxes, *watermarked* Caslon Bond costs you less than almost any other *watermarked* bond paper . . . and very little more than the cheapest unknown, unidentified bond paper made.

Ask your printer to deliver your Caslon Bond letterheads in Caslon Bond boxes. You win two ways: On paper-satisfaction and economy.



*** CASLON BOND**
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Ideas **FOR BETTER PRINTED FORMS**

Send this coupon for free portfolio showing new developments, with Color System for quickly identifying forms by color. Includes practical helps in planning new forms. Address The Munising Paper Co., 1989 Field Bldg., Chicago

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(Your business letterhead must accompany your inquiry)



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2-way economy. With Sloane's you deal direct with the manufacturer . . . for Sloane's owns and operates its own factories for the manufacture of furniture, panelling, and partitions. And with Sloane's you get the even greater economy of expert craftsmanship, by which alone you secure years of enduring service without costly repairs or reconditioning.



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fornia Standard made the move under its own power. A 22% price advance was offered for a cut in production from 682,000 bbl. daily to 537,000. The lower figure was not achieved, but California Standard announced boosts anyhow, as rewards for trying.

On Feb. 26, the increase was instituted for about 60% of the state's production. On Mar. 7 it was extended to additional fields, leaving but five fields on the lower prices. The new price is \$1.10 for 27-gravity crude. On Mar. 5, production for 24 hours was 573,254 bbl. This is considerably over the desired minimum, but enough under the old figure to deserve recognition.

Fields still out of line are being coaxed. One argument is that oil will be \$1.50 a bbl. in 1937. Producers are shown the folly of wasting their reserves for smaller immediate returns.

Marble Windows

This is a possibility of Lumar, a translucent but not transparent material, made for many uses.

A FRESH shock for the man who hasn't got used to glass as a wall material is on the way—marble can be used for windows. You can't see through it, but window panels comparable to stained glass are now available.

This is one of the possibilities of Lumar, a new type of marble which has been developed by the Vermont Marble Co. and the Mellon Institute of Industrial Research.

The Lumar method takes advantage of the crystalline makeup of marble, by selecting and cutting it in such fashion that interior luminosities may be displayed. If daylight isn't available for the lighting source, ordinary electric bulbs of moderate wattage will do.

Various thicknesses of the marble lead to various degrees of translucence, so that the user may suit his own taste in the quantity of diffused light which comes through the panel.

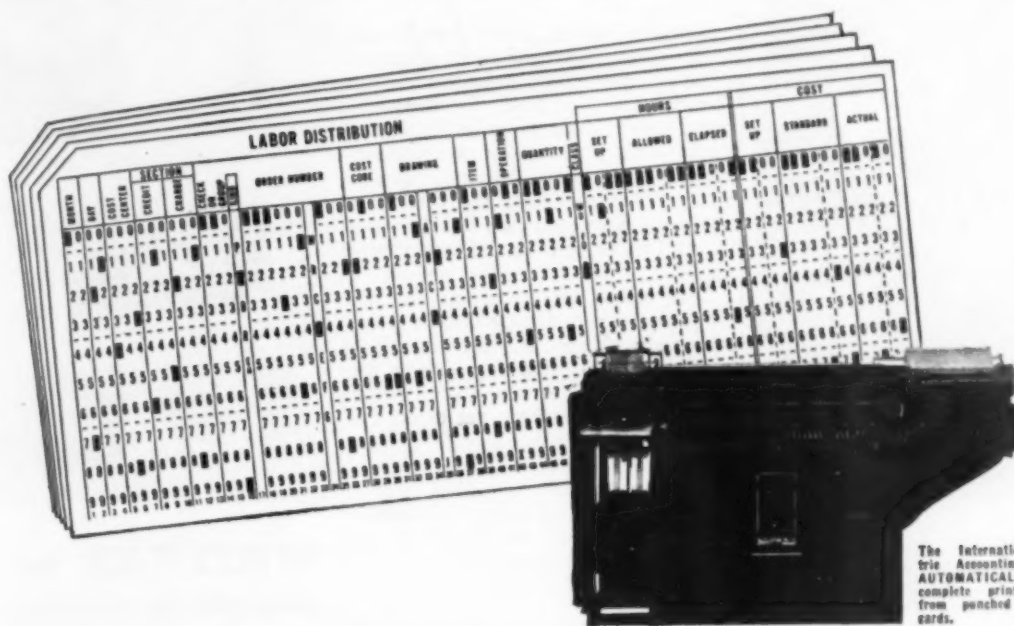
It is expected that the stone will be fitted to a wide range of uses, from lighting fixtures to entire walls, and for novelty effects such as may be had by using it in radio cabinets or other articles which have lighted interiors.

Money Back on Meat

Safeway's guarantee in Los Angeles will be offered in other cities.

THE retail meat trade on the Pacific Coast was stirred last week by 12-column advertisements in which Safeway Stores, Inc., announced that all its sales of meat will carry a money-back-if-not-satisfied guarantee.

Confined at present to the Los An-



The International Electric Accounting Machine AUTOMATICALLY provides complete printed reports from punched tabulating cards.

FACTS *for improved* business with PUNCHED CARD ACCOUNTING



SPEED, accuracy and efficiency in obtaining detailed facts and

figures are offered to management by the International Electric Bookkeeping and Accounting Method. Here is a logical method of meeting the demands for greater detailed facts occasioned by increased business activity.

The basis of this modern machine accounting method is the tabulating card. Business transactions, operating and statistical information are quickly registered in these cards in the form of punched holes. These punched cards automatically operate the machines which produce complete printed and tabulated reports.

International Electric Bookkeeping and Accounting Machines supply detailed analyses which form dependable guides to planning, engineering, purchasing, production and sales. They furnish special, current reports and statistical records which offer the busy executive a means of constant control.

International Business Machines and methods are serving government and business in seventy-nine different countries. Your nearest IBM Branch Office will be glad to explain how they can aid you. Call them today.

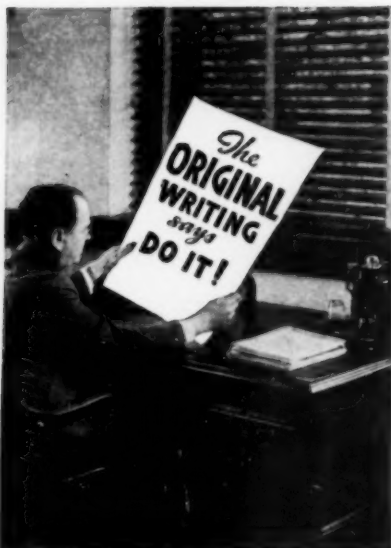
Other important International Business Machines include International Time Recorders and Electric Time Systems, International Sound Reproducing Systems, International Industrial Scales, International Electric Writing Machines, the International Ticketograph and the International Proof Machine for Banks.

INTERNATIONAL BUSINESS MACHINES CORPORATION

GENERAL OFFICES:
270 BROADWAY, NEW YORK, N. Y.



BRANCH OFFICES IN
PRINCIPAL CITIES OF THE WORLD



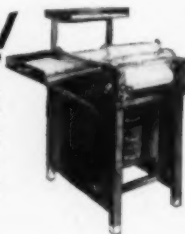
GETTING work done by others means written instructions to all concerned...

YOU have orders to be filled, instructions to be carried out, information to be passed on to salesmen and employees, records to be kept, production of one kind or another to be followed up to completion.

The day for oral instructions is gone. To "Get Things Done" you must put your instructions in writing—and send copies of that writing to all concerned. Your original writing says "Do It!" but it's the copies that get it done.

Free!

How to "Get Things Done" by others is fully explained in our new book "Copies—Their Place in Business." Write for a free copy.



Please send me "Copies—Their Place in Business" telling how Ditto will "Get Things Done" in my business. No obligation.

Concern _____
Name _____
Address _____
City _____ State _____
Nature of Business _____

DITTO, INC.
619 S. OAKLEY BOULEVARD
CHICAGO • ILLINOIS



DITTO • DITTO

geles area, the plan will eventually be extended to all communities served by Safeway.

The new method, Safeway explained, is based on improved meat selection, scientific meat-aging, wasteless cutting (on rib roasts of beef, for instances, bones are cut about seven inches shorter than usual), continuous temperature-control and daily delivery. Sealed against heat and dust, the meats are put in sterilized containers and delivered to retail stores by a fleet of refrigerated trucks.

The center of operations in Los Angeles is a new \$239,000 meat plant, equipped with apparatus for controlling temperature and humidity during the curing process. A corps of "master meat cutters" have been put through a course of training on how to prepare cuts for the Safeway retail trade. Preparations for the plan have been in progress for three years under the direction of Ralph Pringle, vice-president and southern California manager.

Bottled "Ice Cream"

Delivered with the milk, all it needs before eating is three hours in refrigerator.

ICE CREAM is the latest daily product to be delivered in bottles on the housewife's doorstep along with the morning milk. The Golden State Co. is supplying milk-route customers in northern California with Homix, a pint bottle of which, costing 29¢, can be transformed into a quart of ice cream ready for the table after three hours in an electric refrigerator. It requires no added ingredients, mixing, or cooking.

Homix is sold under license from Grover Turnbow, dairy engineer, of Oakland, Calif., who is responsible for various processes in commercial ice cream making and for the design of mechanical equipment used in modern dairies.

Staff Makes Movie

Power company employees act and photograph a sound film to sell electricity to farmers.

COMMERCIAL moving pictures, with or without sound, have become an established branch of the film industry. The California-Oregon Power Co. wanted a movie to sell electrification to farmers. An advertising department inspiration resulted in a production program by the company without the aid of movie technicians or actors.

Employees drafted a scenario, which other employees acted. Transcription of sound and camera work was handled by amateurs in the sales division. A small



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You can use pen or pencil and write or draw anything on a sheet of paper and Ditto will copy direct from that sheet on any size or weight of paper or card stock. It will pay you to investigate how Ditto can help you to "Get Things Done" in your business. There's no cost or obligation.



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camera was used while a microphone at the end of a fishing-pole caught the sounds for recording on a disc.

The production was called "Jim Stays on the Farm." It showed farmers how electricity saves them time, effort, and money. The 50-minute picture was received warmly. A 19% increase in power consumption by farms in company territory is believed partly attributable to the showings.

A second film has been produced, and movie-making has become a part of the company's promotion policy. The second effort discarded the synchronized phonograph in favor of sound-on-film.

Battle of Fibers

Rayon and other synthetic products win large sale, but older textiles make offsetting gains.

THE older textiles are fighting an offensive and defensive battle on a broad front and gaining ground.

On the one hand, substitute goods are driving deep into the markets for cotton, wool, and silk. One-third of the women's circular knit hosiery is made of rayon. Rayon automobile tire cord is feeling its way. Metal automobile tops and airplane coverings are displacing fabrics. Paper napkins, towels, and window shades, and cellophane ribbons, rubber bathing suits, and spun glass fabrics are widely used.

But on the other hand, cotton manufacturers are building new markets in road construction, sound insulation, and greenhouse windows. Older textiles are being combined with rubber, paper, synthetic resins, and other chemicals to produce a multitude of new effects. New finishes are grease-proofing and preshrinking cotton, protecting woolsens from moths, and waterproofing cotton and rayon. Cotton mills now use 90 million lb. of rayon annually.

Trade In Used Goods

TYING in with the interest in modernization, Lewis & Conger, big New York house furnishings store, has offered during the month of March a 10% trade-in allowance for used goods turned in on purchases.

And Lewis & Conger has thereby turned a nice bit of business this month. Everything from sauce pans to refrigerators, from mops to overstuffed chairs has been brought in, and promptly shipped out to charitable organizations, including some that run thrift shops, where second-hand goods are sold to the poor.

Out-of-town buyers are permitted to cash in on the offer by delivering trade-ins to the local Salvation Army and sending the receipts to Lewis & Conger.

Snapped in Action as.. The Trend To Dictaphone Sweeps On



To your secretary, it means all that note-taking time is released for valuable work. To you, it means instant dictation facilities always available, without dependence on anybody else. That's why we say this modern dictating instrument doubles your ability to get things done.

We want Dictaphones to prove their

value before a dollar changes hands. With that in mind expose yourself just a bit to the unrealized story of what they could do for you. Note the coupon below, and send now for the booklet, "What Is An Office Anyway?" Anybody interested in more profit for himself or his stockholders will find it well worth reading.



C. H. Peddrick, Jr., Vice-Pres. & Gen. Mgr., United Feldspar Corp.



C. L. Meyers, Pres. Clarence L. Meyers, Inc., Phila.



Kathryn M. Joyce, secretary to Sidney J. Burgoyne, Phila.



T. H. Mettler, Sales Manager Interwoven Stocking Company

Miss Joyce says, "The clear Nuphonic reproduction of the new Dictaphone gives me greater speed and accuracy."

DICTAPHONE

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

Some companies that have recently swung to Dictaphone:

John Wood Manufacturing Co.,
Conshohocken, Pa.
Globe-Wernicke Co., Cincinnati, Ohio
Chicago Motor Club, Chicago, Ill.
Seagram-Distillers Corp., New York City
National Dairy Association, St. Louis, Mo.
Metzger-Parker Company, Portland, Ore.

Dictaphone Sales Corporation
420 Lexington Avenue, New York, N. Y.
In Canada—157 Wellington St., West, Toronto

BW-3

☐ I want to see your representative.
☐ Please send me my copy of "What Is An Office Anyway?"

Name _____

Company _____

Address _____

Best Railroad Year Since '29

That's the outlook as the roads get away to a good start, with carloadings 8% ahead of last year's. Gains are reflected in security prices.

It looks like an important year for the railroads. If railroaders can stand the shock of profits, it may even be a fair money-making year.

Industrial activity is scheduled for 10% or so increase over last year, crops promise heavier traffic, and passenger travel is on the upgrade. Moreover railroad costs, driven down by depression years, are near the bottom of the well, and every extra dollar of money receipts in 1936 will turn over to net income an abnormally velvety proportion. Example—Class I roads in January lifted gross revenues 13%, which was translated into 63% when it got to net operating income.

Plenty of Puzzles

There are a lot of "maybe" complexities ahead. However, the railroads can't lose a great deal, and they may gain.

Granting that at midyear they will lose their fight to extend the emergency freight rates, and that pension and social security expenses will stand as they now appear, the figures still say that gross of Class I roads will be up 7%

and net operating income will be up 16% if the earnings experience of last November and December is continued on the average throughout the present year.

Points to Gain

If the emergency freight rates are retained, add two more percentage points to gain in gross. If pension and social security insurance are knocked out, add an extra five percentage points to the gain in net operating income. If the Guffey Coal Act is invalidated, reduce the cost of fuel. If moderate dismissal compensation is put over and coordination projects are really achieved, you can count on a sizable extra economy.

There is an important "but," as far as earnings are concerned. Five years of skeleton maintenance activity, with reduced attention to rolling stock, has built up a very fancy potential field for repairs and new equipment. If the roads see real cash money coming in this year, one of the first impulses will be to put it in the right-of-way and rolling stock. Witness the best business for Baldwin Locomotive last month since 1931.



LAEMMLE TO COCHRANE—Associate of Carl Laemmle for 30 years in Universal Pictures, R. H. Cochrane takes over the president's job with the sale of Universal to a group headed by J. Cheever Cowdin and Charles R. Rogers. Increased production is planned by the new owners.

There will be more to it than merely making up past skimpings. The 15 streamliners making money in the passenger field have given railroaders ideas. They know now that fast trains are profitable and they are extending the theory into freight. The rail equipment industry is dusting off the cashier's window with a vengeance.

To give the year's promise an auspicious start toward fulfillment, the first-quarter carloadings are estimated at 8% ahead of last year's. Traffic for the full year is expected to be 10% above last year's. And last year saw railroads writing higher figures in black ink than at any time since 1931.

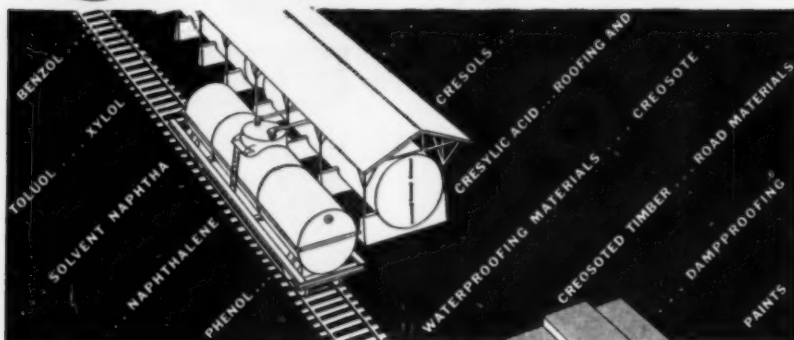
Money to Spend

Take this outlook and consider also that extra income will be ahead of the usual proportions in sifting down to net, and it looks like practically a cinch that the railroads will have more money to spend than they have had at any time since 1929.

Some threats are already dissipated. Government ownership advocates, for example, have quieted down to the extent that their legislation in Congress is no longer considered strong enough to stimulate defense. Along the same lines, Coordinator Eastman's January recommendations soft-pedaled government ownership, and suggested that watery competition be federally regulated.

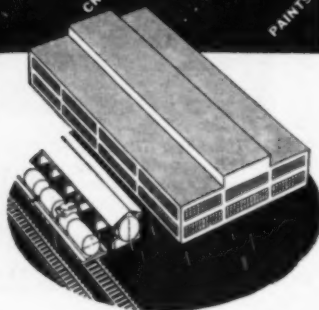
There have been no railroad receiverships thus far in 1936, further evidence that the rail tide has turned. The insolvent roads are generally in hock now

KOPPERS AND THE Synthetic Organic Chemicals INDUSTRY



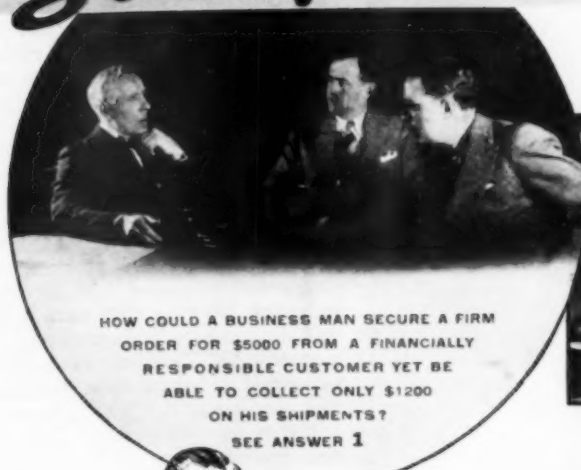
About two-thirds of the companies in the synthetic organic chemicals industry are concerned with the manufacture of chemicals of coal tar origin and to many of these companies Koppers supplies the raw materials which are converted into dyes, resins, tanning materials, rubber chemicals, medicinals, photographic supplies, insecticides and explosives. Koppers also supplies the synthetic organic chemicals industry with coal tar roofing and waterproofing materials, coal tar creosote, road tars and coal tar paints for use in the construction and maintenance of its various chemical plants and properties.

KOPPERS PRODUCTS CO.
PITTSBURGH, PENNSYLVANIA

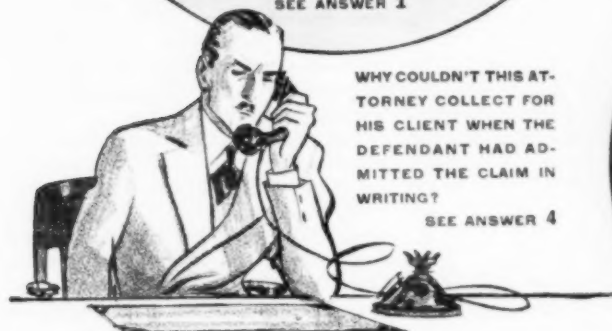


1. Tarmac for Roads 2. Roofing Materials 3. Waterproofing Materials 4. Bituminous Paints 5. Creosote for Wood Preservation 6. Light Oils 7. Tar Acids

Strange Oversights OF MODERN BUSINESS



HOW COULD A BUSINESS MAN SECURE A FIRM ORDER FOR \$5000 FROM A FINANCIALLY RESPONSIBLE CUSTOMER YET BE ABLE TO COLLECT ONLY \$1200 ON HIS SHIPMENTS?
SEE ANSWER 1



WHY COULDN'T THIS ATTORNEY COLLECT FOR HIS CLIENT WHEN THE DEFENDANT HAD ADMITTED THE CLAIM IN WRITING?
SEE ANSWER 4

HOW COULD A MERCHANT BE ONLY 25% PROTECTED AGAINST LOSS WHEN HE HAD 100% INSURANCE COVERAGE, FULLY PAID IN RELIABLE COMPANIES?
SEE ANSWER 2



WHY DID A DOCTOR WHO SPENT 4 YEARS SERVING HIS COMMUNITY LOSE \$2650 IN COLLECTIONS FROM PATIENTS WHO WERE ABLE TO PAY?
SEE ANSWER 3

These occurrences cost business and professions millions of dollars annually

Until recently, there has been no truly scientific way to assure business and the professions against the loss or damage of vital records. This in spite of the fact that approximately 50% of the current assets of any business are in the form of papers.

Record Assurance, a new type of service by Remington Rand, protects you against strange oversights such as illustrated here—oversights which today prevent 43% of businesses from resuming after loss. It covers your accounts receivable, safeguards your patents, your stock and inventories (your case histories, if you are a professional man) your sales records, the vital papers upon which your very business existence depends.

It is based upon two simple steps: 1. Appraising the exact value of those paper records. 2. Properly assuring them against loss or damage.

It supplements your insurance by assuring you of collecting legitimate insurance claims. It protects you against the hazards of obsolete equipment. Its cost is low and may be reduced proportionately to fit lower risks.

You will probably amortize Record Assurance, premium-like, over a period of ten years. Without obligation, we will gladly prepare a specimen policy which will enable you to appraise your own Record Assurance needs. Write us today. Or ask the Remington Rand man to explain.

ANSWERS TO STRANGE OVERSIGHTS

ANSWER 1. Part of the records of original orders were lost, he could prove delivery on only part of the goods. Record Assurance would have covered this risk.

ANSWER 2. The merchant had made a careful inventory of his physical assets, but he had made no appraisal of his vital records. He could not provide insurance companies with proof of loss.

ANSWER 3. The building next to the doctor's office burned. Fire leaped through the windows of his office, destroyed his records of outstanding accounts. He couldn't collect because he did not know who owed him.

ANSWER 4. The attorney filed his client's original documents of this case in a steel file. The contents of the file were destroyed and he had no proof to present in court. Record Assurance would have covered him.

Ok..it's from
Remington Rand

WRITE FOR
SPECIMEN
POLICY



REMINGTON RAND, INC., Dpt. 333 BUFFALO, N. Y.

Without obligation, please send me specimen Record Assurance policy and tell me how to appraise values of my records.

Name

Firm

Street City

D I V I D E N D S



There are Two Kinds of Buyers

Most buying is amateur buying and most buyers are amateur buyers . . . but a vast volume of business moves through the hands of men who are "professional" buyers. Purchasing agents, plant superintendents, architects, engineers, contractors, general operating officials, and other corporation executives.

Amateur buyers make their purchases on the basis of hunch, emotion, prejudice, temporary desire, etc. But the professional buys on cold, logical, reasonable grounds. He buys from blueprints and specifications. He has cost records and performance records to guide him.

Many advertising agencies know everything there is to know about selling to amateurs . . . but there are not many which can match the record of this agency in selling to the hardened professional, as well as to general consumers.

If you produce anything which goes to or through industrial and business executives, or to the architectural, or construction fields, we may be able to increase the effectiveness of your advertising and sales promotion. May we discuss it with you?



Ketchum, MacLeod & Grove ranks second among all the agencies in the country in the volume of advertising booked for 1936 in leading publications in the metal-working fields.

Ketchum, MacLeod & Grove, Inc.

Koppers Building, Pittsburgh, Pa.

A D V E R T I S I N G

and may find it difficult to get out, but those that have dodged the sheriff to date are much more secure than they were six months ago.

The worst that is said for Class I roads for this year is that they will cover fixed charges 1.12 times, which compares favorably with the slight margin of 1.01 times registered last year. And this is calculated on a batch of bond maturities \$175,000,000 larger than those of last year.

Knotty Labor Problem

One of the hardest problems is what to do about workers displaced by unification. This week, in answer to President Roosevelt's letter requesting that labor and management get together privately to settle the problem, labor representatives chided him for apparently not knowing that such negotiations had already been under way for three months. They have not been very successful, and both sides have taken their troubles to the White House.

The unions are afraid of losing railroad employees in potential consolidations. The roads are afraid that the union demands for dismissal compensation and protection will emasculate consolidations.

Meanwhile railroad securities have for a long time been telling the story of the bright 1936 outlook. Since the first of 1935, on the New York Stock Exchange, all the stocks of railroad operating, holding, and equipment companies have, despite a fat batch of receiverships in the earlier months, nearly kept pace with the entire market. In the same period the bonds representative of the same groups rose by double the percentage increase in all bonds.

So far this year the railroad industry stocks and bonds have easily outclassed the industrial and utility groups. In second-grade rail bonds, the upshoot this year has at times been remarkable.

Rexall's Big Act

"Million-dollar train" will take United Drug Co. on road for 8 months, playing in 146 cities.

NEXT Thursday in Boston, the United Drug Co. will start the "million-dollar Rexall streamlined train" on an eight-month tour, during which 30,000 Rexall druggists and sales people in 146 cities, as well as a fair slice of the buying public, will have had a chance to inspect the United Drug Co., as represented by company officials, merchandise displays, and scale models of factories and offices.

Leased from the Pullman Co., and hauled around the 25,000-mile circuit by a special New York Central locomotive, the train will consist of four display cars, fitted out by the Architectural Decorating Co. of Chicago; one "model drug store" car, complete with the latest

model soda fountain constructed by the Liquid Carbonic Co.; two "convention hall" cars, and ordinary Pullman accommodations. A diner has been equipped for banquet sessions and three cars will be available for convention dancing. (Music by Rexall orchestra.)

Convention sessions of from one to four days will be held in 109 cities; other stops will be merely for inspection.

Pres. Louis K. Liggett has informed Rexall druggists that the crew will not solicit business. Drug wholesalers, however, say bitterly that the stunt can be expected to do a good selling job for the new Rexall wholesaling houses, built and a-building, which are equipped to supply not only Rexall products but all general drug merchandise.

Agree on Housing

Plan seems accepted for cities to give tax-free lands, and U. S. to pay nothing down.

WEEKS of squabbling on the Administration housing bill seem almost over.

The highly important provisions to stimulate private construction (*BW*—Mar 7 '35, p. 32) had been held up, pending an agreement on a method of subsidizing public housing that does not require cash. Such a method has apparently been agreed on. Under it, local authorities would provide the necessary land and exempt it from taxes, and the federal government would not have to pay any money down.

The building costs would be raised in the first instance by mortgaging the property to the Reconstruction Finance Corp. Mortgage Co. or to a national mortgage association formed under the National Housing Act, which would issue bonds against the loan for public investment.

To the extent that rents failed to cover the costs of operation, maintenance, and amortization, the deficit would be covered by the federal government. Its contribution, amounting to \$3 or \$4 per room per month, is estimated as roughly equivalent to the local contribution in the form of tax exemption.

This scheme was devised primarily to pacify the rooters for public housing without committing the government to any big outlay this year. It is not expected to result in much building.

Still in dispute this week was the question whether the Public Works Administration should build more "demonstration" projects. Mr. Ickes and other advocates of public housing are putting up a tough scrap, contending that it will be many months before local housing authorities get under way. The tip is that Ickes will be permitted to go ahead in a small way if he can scrape up the money out of previous appropriations for public works.



PEARL OF GREAT PRICE

You cannot buy what a Standard of Detroit representative has to give—for no price can be set on it. When next you think about casualty insurance and bonds, bear this in mind: Standard of Detroit sells this protection, to be sure, but far more important than the clauses in its policies and bonds is what stands behind them—an institution of unquestionable financial integrity; an organization of 6500 field representatives, ready to serve quickly and conscientiously no matter where you may be, day or night. • For 52 years, Standard of Detroit has so served America. More than a million persons are now protected with insurance and bonds in the Standard of Detroit. Over \$145,000,000 have been paid promptly in claims. • In every community, you will find a Standard of Detroit representative who can help you now by devising a thorough program of protection against loss to home, to person or to business. Consult the Standard man.

Automobile Insurance • Personal Accident and Sickness • Burglary and Holdup • Plate Glass Breakage • Liability (all forms) • Workmen's Compensation • Fidelity and Surety Bonds (all forms)

**STANDARD
ACCIDENT INSURANCE COMPANY
DETROIT**

Doom of Cold-Storage Eggs

Trade leader says they're licked by all-year production of fresh eggs, laid by modernized hens. Harsh state laws are another blow to storage eggs.

THE trade in cold-storage eggs, which in recent years has been sickly, is getting no better fast.

Blaming one thing, then another (mostly hard times), egg packers have been vainly hoping for something to come along and change their luck. It remained for Courtney L. Poole, president of the New York Mercantile Exchange, to break the sad news to his brethren: the end is near for storage eggs and nothing can be done about it.

Of the several factors which have forced the sales of storage eggs to a depressingly low point, the most important is the ever increasing supply of year-round fresh eggs.

Modernized Hens

Millions of modernized hens, scientifically fed and housed, start laying three months earlier than their barnyard sisters. They come into production at a time when eggs are normally scarce and high-priced, and they lay twice as many eggs as those fed on grain and grass-hoppers. So they are causing holders

of storage eggs to take losses on at least half their ventures.

When bakers gallantly relieved housewives of bread-making, they ruined the best retail outlet for storage eggs, also called cooking eggs. Then the bakers, to give the market another jolt, themselves turned from storage eggs to the canned or powdered kind, usually made from fresh current receipts as well as checked or undersized eggs. Now there is only a limited demand for storage eggs, and grocers have to make a wide spread between them and fresh eggs.

When properly selected and handled, an eight-month-old storage egg cannot be distinguished from a fresh one; yet shoppers will invariably take small, second-grade fresh eggs in preference to storage firsts at the same price.

Generally speaking, only the best eggs are put in storage. Dirty eggs will not keep well; if washed, they will not keep at all. Brown eggs keep better than white. If storage rooms are too dry, eggs will shrink; too moist, they will mould.

An egg stored on the first day of April will be in better condition in October than one stored in July, or August.

Shell-treated eggs are those dipped in hot mineral oil to prevent evaporation and attacks by foreign organisms.

Some states require shell-treated eggs to be so labeled, although there has never been any proof that the interior quality is affected by the treatment. Smart dealers turn the law into a boomerang by advertising "Shell-treated to protect quality."

An extensive survey of state egg laws has recently been made by the National Association of Marketing Officials, which reports, with the endorsement of the 11 principal egg and poultry associations, that there is urgent need for sensible, uniform, and enforceable legislation concerning standards of quality.

Georgia Stamps 'Em

Most of the stringent state laws are meant to protect local producers. The egg-marking law recently enacted in Georgia is a striking example. "In the name of public health" every egg sold in Georgia, but produced elsewhere, must have indelibly imprinted on its shell in one-fourth inch letters the warning, "SHIPPED," and if subjected to refrigeration for any length of time, even to protect it in transit, it becomes a storage egg and must be so marked on its shell. (Generally, a storage egg means one subjected to 45 degrees or less for minimum of 30 days.)

All homegrown eggs, whether they have done time in cold storage or not, may be shell-labeled, "FRESH GEORGIA EGGS." Shippers caustically remark that if Georgia would do more to improve the quality of her eggs such laws would be unnecessary.

Poultry and egg interests have gone on record as approving uniform grading, but first there must be definite standards for candlers.

Candlers Sometimes Err

Some recently discovered correlations between candled and broken-out eggs are contradictory to existing grade standards. Experiments have proved that an expert candler is right in judging the interior quality of eggs on an average of but seven times out of ten.

In grading eggs, no two markets talk the same language. The best eggs in New York are Specials, next comes Standards, while First are actually third-grade. In Chicago, the top eggs are Extra Firsts, while Firsts are seconds, and Current Receipts are the volume grade. The term "Current Receipts" has a dozen different meanings.

Of all the proposed classes for uniform grading, the majority favor the following four: Fancy, Grade A, Grade B, and Grade C. What eggs will fall in each class is yet to be determined. The existing Canadian uniform standards, A1, A, B, and C, are similar to the above proposal.

HIGH SPEED BUSINESS demands HIGH SPEED RECORD MAKING

Wherever multiple copy forms are to be written the logical and accepted procedure is to install an EGRY Speed-Feed. First, it speeds up the writing of forms by 50% or more, making all the time of the operator productive by eliminating the time and labor consuming operations of manually inserting and removing carbons. The EGRY Speed-Feed does all this automatically.

Second, EGRY Continuous Forms used with the Speed-Feed eliminate the use of costly pre-inserted (one time) carbons, padded or loose forms and loose carbons and other wasteful makeshifts.

Third, the Speed-Feed costs less than 2c. per day for one year, yet gives performance comparable with higher priced equipment.

Get all the facts. Demonstrations can be arranged in your own office without obligation.

The EGRY REGISTER Co.

DEPARTMENT BW 321

DAYTON - - - - - OHIO

Sales agencies in all principal cities.
Consult your telephone directories.

The Speed-Feed requires no change in typewriter construction or operation. Attached in an instant, as quickly detached, the Speed-Feed puts dual performance into your typewriter—a billing machine one minute, a typewriter the next.



EGRY SPEED-FEED

HOW NBC SAVES MILLIONS OF AMERICANS FROM RED RADIO EARS



"Oh, I wouldn't tell that one, dear"

REMEMBER that prickling sensation which presages the narration of a naughty number—in the wrong company? A number which would strew them in the straw in the livery stable, perhaps, but which would put the chill of death on the Saturday Evening Whist Club? Of course you do.

And your almost audible relief when the raconteur's wife sensed the situation and sweetly Signed Him Off! "There," you said, as your ears cooled, "*is a woman!*"

*Multiply this danger
by Millions*

Perhaps you have never paused to reflect that the same danger is constantly present with radio. That the blight of the misplaced bon mot is apt to cause Red Radio Ears in not *one* American home, but in *millions*. That certain subjects which bloom beautifully

and naturally on the shelves of the nation's pharmacies wither and die when introduced as dinner topics.

Here at NBC, we make it *our* job to fend off Red Radio Ears. We keep the family circle soothed and entertained.

Not with any idea of setting ourselves up as a Board of Advertising Morals, but with the conviction that common sense and good taste are ageless. Our Audience Mail Department confirms us—daily. You'd be surprised to learn how evenly the national common sense and good taste are buttered across the country.

*Portland dittoes
Park Avenue*

The word that puts the delicately attuned ears of Park Avenue into the red also tints the ears of Portland, Ore. The exaggerated claim that draws a Bronx cheer north of the Polo Grounds will

draw its counterpart—like an echo—in the suburbs of San Diego. The derogatory reference ("Dirty dig," to you boys in the back room) is as swiftly resented in Seattle as in Savannah.



NBC is greatly heartened by the cooperation of clients and their advertising agencies. Much remains to be done, but we are on the right track. So far as we are concerned, Red Radio Ears will yet be but a memory—one with red flannel underwear!

NATIONAL BROADCASTING CO., Inc.

AN RCA SERVICE • NEW YORK • CHICAGO • WASHINGTON • SAN FRANCISCO



FOR

PLASTICS



Chemical research

by Hercules Powder Company provides new and improved materials that benefit many industries. The plastics industry, one of the most important in the country, now uses the following Hercules products: nitrocellulose, cellulose acetate, ethyl cellulose, casein, chemical cotton, and certain solvents and plasticizers. Information about these and other Hercules chemicals can be obtained by mailing the coupon.

Some Hercules Products: Cellulose Products . . . Rosin, Rosin Derivatives, Spirits of Turpentine, Pine Oil . . . Chemical Cotton . . . Paper Makers Chemicals . . . General Industrial Chemicals . . . Commercial Explosives, Sporting Powders.

Some Industries Using Hercules Products: Textile, Paper, Construction, Plastics, Metallurgical, Disinfectant, Insecticide, Paint, Varnish, Lacquer, Soap, Synthetic Fibres, Mining, Quarrying, Foundry, General Chemicals.

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HERCULES POWDER COMPANY
INCORPORATED
Wilmington, Delaware



Please send booklet describing your products
for.....

Name.....

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17-41-B

What's Tugwell Doing?

His Resettlement Administration is engaged in huge and varied work. It plans to buy a vast acreage and move thousands of families from the Western "dust-pan."

WASHINGTON (*Business Week Bureau*)—The recent announcement of a \$10,000,000 experiment for combating drought in the "dust-pan" regions of the Southwest has again focused attention on Dr. Rexford Guy Tugwell's Resettlement Administration—its plans, condition, and possibilities.

There are persistent reports that the RA is running into legal trouble in several of its projects.

Dust-ridden families, including not only whites but some 6,000 Pueblo and Navajo Indians, are to be transferred to better homes on the 1,282,522 acres that RA plans to buy at an average of \$2 an acre. These families and those left behind are expected to benefit by the reduced economic pressure.

Gigantic in Scope

This population transfer is the largest effort of its kind ever undertaken in this country. RA will buy 415,000 acres in the dust belt and 867,522 acres on the Rio Grande watershed and in New Mexico.

The land cost is to be approximately \$2,645,000, and other primary costs include \$3,300,000 for transferring the families to new homes, and \$300,000 for development of new plains land.

Dr. Tugwell is working along five correlated lines: (1) construction of suburban communities for industrial workers; (2) resettlement of "stranded communities"; (3) purchase of submarginal lands; (4) loans to farmers for seed, equipment, and the like; and (5) subsistence homesteading.

RA is also trying to scale down farmers' debts. Voluntary agreements between debtors and creditors have reduced \$9,586,665 of the total of \$34,186,723 owed by 6,760 farmers.

One phase of the ponderous RA program which is much censured is the subsistence homesteading. This was wished on Tugwell by the Interior Department, which seemed to find it an economic orphan and was anxious to get rid of it, and by the Federal Emergency Relief Administration, which seemed to feel pretty much the same way.

Good Job, In General

Tugwell has buckled down to the job and appears to have done it fairly well, despite such unpleasantness as the unfortunate misfit of the houses at Reedsville, W. Va., where the mail-order houses refused to "harmonize" with the preconstructed foundations.

Other projects were even worse. Tugwell put a bold face on the matter and announced that in the four rural-indus-



MOVING TARGET—Rex Tugwell used to be clay pigeon for more anti-Administration shots than all the rest of the federal family put together. Of recent months he has been little in the public eye, but his Resettlement Administration is still making news and arguments, keeping 13,045 employees busy making plans to move families off unproductive land.

trial communities under RA guardianship the plants will be turned over to private management as soon as finished.

In spite of this official statement, Washington seethed with talk at the announcement that RA was getting from under at Beaumont Gardens, near Beaumont, Tex.; Tupelo Homesteads, at Tupelo, Miss.; Houston Gardens, near Houston, Tex.; and Franklin Township, near Bound Brook, N. J.

The same policy is to be followed with the "green-belt" projects at Ber-

wyn, Md., near Washington, Cincinnati, and Milwaukee.

It's not likely that Sen. Barbour of New Jersey will push his resolution for a general investigation of RA as a result of bribery charges.

An affidavit filed by several citizens with a New Jersey Supreme Court justice alleges that an official of Franklin Township, who had been offered \$75 a week by RA officials, introduced a resolution withdrawing the township from the injunction proceedings that are pending in the District of Columbia Court of Appeals to stop RA from going ahead at Bound Brook.

The New Jersey judge has refused to permit the township to withdraw from the suit until the charge has been investigated. If the township finally withdraws, this will leave only five individual taxpayers holding the bag in opposition to the project.

Sen. Barbour's resolution has scared RA, which is expected to watch its step hereafter.

The Main Problem

RA's main difficulty is costs, which stubbornly stay high. Another is the flat refusal of industries to open plants in the Tugwell towns. The result is that communities designed to replace "stranded communities" are unable to support themselves.

The land program, which centers on the purchase of submarginal land for retirement, is another headache. So far 9,343,000 acres have been purchased or approved for purchase, at a cost of \$48,000,000, and options have been taken on 7,277,000 additional acres.

RA's most vulnerable spot is its administrative expenses. It has obligated itself for \$98,500,000 of the \$230,419,354 available. Of the sums so earmarked, about \$23,850,000 is for FERA land and \$5,947,614 for farm loans.

In hard cash for administrative requirements, RA has spent \$19,727,305, or 20 cents on every obligated dollar. Part of this has gone for the 13,045 employees working in Washington's 19 RA offices or through the country.

RA has done an amazing amount of work, but there is also an amazing gap between expectation and accomplishment.

Cotton-Pickers

No mechanical ones seem perfected yet, experts think.

DEPARTMENT OF AGRICULTURE experts are not convinced that any mechanical cotton-picker so far developed will be an adequate substitute for manual picking.

But John D. Rust and Mack D. Rust, brothers who have invented a mechanical picker, say that when per-

It is a proved fact that Edison MAZDA lamps *stay brighter* *longer*

ELECTRIC EYE SAYS "BARGAIN" BULB COSTLY

Poor lamps waste current; Grow dimmer in use

Good lamps save money for user

A poor lamp would be no bargain even if it came wrapped in a dollar bill! That is the conclusion of engineers from tests made with the "electric eye."

The initial cost of a lamp bulb was shown to be unimportant compared with its efficiency—that is, the amount of light produced for a given amount of current consumed. Edison MAZDA Lamps were shown to burn brightly over a long period of use. Interior lamps gave less light at the start and grew steadily dimmer—thus using current very uneconomically.

People who realize that the cost of light is the cost of the bulb plus the cost of current, are turning more than ever to MAZDA lamps made by General Electric.

Edison MAZDA lamps stay brighter longer because 480 checks and inspections in manufacture guard against the smallest imperfections. Ask for these good lamps by name—they cost less than ever before.

GENERAL ELECTRIC COMPANY, NELA PARK, CLEVELAND, OHIO

Courtesy Museum of
the City of New York



Changing Scenes

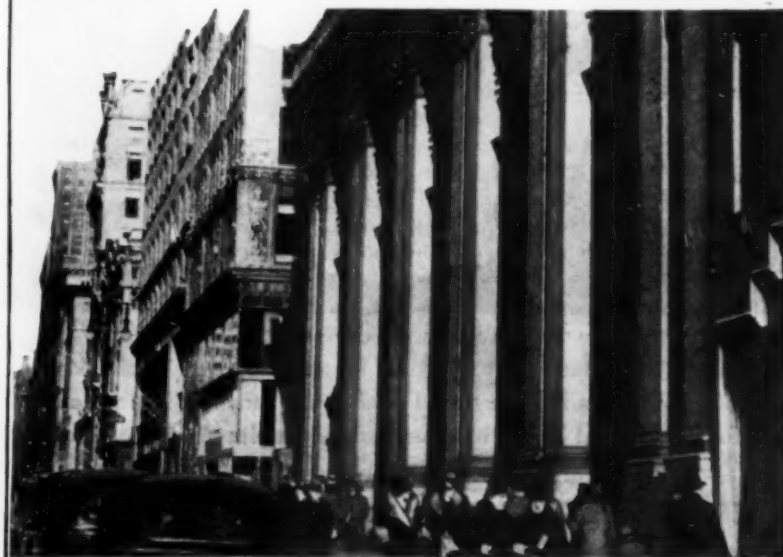
Business methods as well as neighborhoods are constantly changing. One of this Bank's greatest assets is the understanding of the financial requirements of modern business. This understanding has been acquired through 136 years of growth with American industry and commerce.

BANK of the MANHATTAN COMPANY

New York

Chartered 1799

Member Federal Deposit Insurance Corporation



fect it will do the work of 50 to 100 men. They are quoted as being fearful of wholesale technological unemployment unless their machine is managed by humane people; have offered to take moderate profits if they can be assured that this won't come to pass.

The chief difficulties with mechanical cotton-pickers have been: (1) The machine picks trash, green leaves, and so on, as well as lint; (2) a machine which works satisfactorily over one kind of terrain in one kind of weather, may fail when tried out elsewhere, or in the same place when the weather is different; (3) the cost of such a machine makes it impracticable except for very large plantations.

Leading implement makers, including the International Harvester Co. and Deere & Co., have spent millions of dollars in mechanical cotton-picking experiments.

One of Their Own

Coast distributors have sighed for a machine-tool show; now Moore Co. puts one on.

MACHINE-TOOL distributors on the Pacific Coast have long been handicapped by the lack of a machine-tool show of their own. The national shows held annually in the East have benefited them indirectly, but they have wondered how to put over some effective demonstration closer home.

One large Western distributor, the Moore Machinery Co., of San Francisco and Los Angeles, thinks it has solved the problem. From Mar. 10 to 14 it put on a show of its own in San Francisco. Results were very satisfactory.

This was the largest and most complete display of modern machine-tools and shop equipment ever exhibited on the Coast. It contained products of 60 national manufacturers individually motorized and in actual operation on production work.

6,500 Visitors

The show was organized like a typical business convention, with all the usual attractions, even sightseeing tours and other entertainment for visitors and their families. More than 6,500 persons registered from California, Oregon, Washington, and Nevada.

Like all effective conventions, this one adopted a central theme on which the exhibits, demonstration talks, and advertising material were based: the profits that follow installation of modern machine-tools.

Each visitor received a copy of the 1935 survey of the *American Machinist*, showing that in the 12th Federal Reserve District (California and the five other Far Western states), 59% of the machine-tools now in use are more than 10 years old.

TVA Has Jump on AAA

Thousands of farmers get free fertilizer to save soil. They think it means more money for them than cheap electricity. No fertilizer sold.

THE Tennessee Valley Authority, through its fertilizer demonstration work, has more than a two years' jump on the new soil-erosion prevention program of the Agricultural Adjustment Administration.

It has been doing huge-scale demonstration work on cover crops, in cooperation with thousands of farmers in the valley, who are fast becoming convinced that this phase of TVA activities means more money in the bank for them than cheaper electric service.

The TVA program has been kept strictly on a manufacturing and demonstration basis. No fertilizer has been sold. Probably none will be, as long as TVA Director H. A. Morgan continues to head up this part of the job.

He is known as "the other Morgan," to distinguish him from Arthur E. Morgan, chairman of TVA.

No Short Cuts

Backed by forty years' experience in agricultural extension service in the South, H. A. Morgan knew there were no short cuts to getting the farmers of the valley to see the usefulness of fertilizer on cover crops. Few of them use enough on row crops.

For TVA to make thousands of local demonstrations all over the valley would require too much money and time. Farmers would not pay any attention to "college farming." Mr. Morgan cut across lots by supplying free fertilizer to a few carefully picked farmers in each valley county whose officials hire a county farm demonstration agent.

The farmer pays only the freight. He thinks he gets a lot from the government for nothing. He does. But he gives the government practical demonstrations of the value of fertilizer on cover crops in more than 6,000 communities. H. A. won't let the fertilizer be used on any except cover crops for four years.

Lespedeza for the South

Started last year, this cover crop demonstration program has taken hold remarkably. Lespedeza, the new legume that makes such fine pasture and hay yields under Southeastern conditions, is one of the key crops H. A. has boosted. Last year more lespedeza seed was produced than ever before. This spring there is not enough to go around.

Hundreds of thousands of acres are being voluntarily planted to this valuable forage crop. Soil erosion is stopped on these vast areas. Silting of the great TVA dams is thus reduced. Here is the legal hookup of the fertilizer work to

the constitutional purpose of TVA—navigation—and, incidentally, to national defense, which is also a purpose authorized by the Constitution.

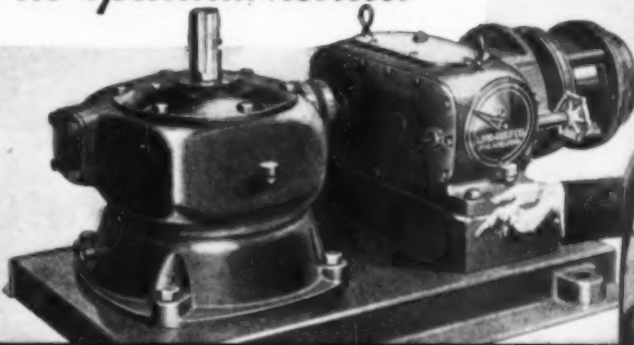
Out of this demonstration work there is developing a whale of a market for fertilizer for cover crops, largely a new idea in this country. Private manufacturers will apparently benefit.

TVA is also doing other kinds of agricultural research and demonstration work. One program in ceramic research has been under way about a year. Its object is to determine methods of electric firing of the highest grades of true porcelain dinnerware, and to work out better methods of mining and refining the extensive deposits of primary kaolins (China clay) in the valley.

War Material

Practically all primary kaolin is now imported. Listed as an essential war material, a native supply of it is essential. National defense ties right in. TVA has developed commercial-scale refining methods that produce a primary kaolin equal to the world's best;

This combination gave us splendid results



thanks to **LINK-BELT POSITIVE DRIVES***

● To achieve the highest efficiency in power transmission, a combination of positive drive units is often necessary. That is why Link-Belt, with its complete line, is able to solve the most intricate power transmission problem in the most practical way.

Many different combinations of Link-Belt positive drives are now helping manufacturers reduce production costs and increase profits. Because the power is delivered at the proper speed and without slip, production has been speeded up—quality of product improved—spoilage sharply decreased—and unit costs considerably lowered.

It pays to discuss your power transmission problems with a Link-Belt positive drive specialist.

LINK-BELT COMPANY

The Leading Manufacturer of Positive Power Transmitting Equipment

INDIANAPOLIS CHICAGO PHILADELPHIA
ATLANTA SAN FRANCISCO TORONTO

Offices in Principal Cities

☆ The combination illustrated above includes a motorized P. I. V. Gear variable speed transmission connected with flexible coupling to a worm gear reducer having vertical output shaft. The lower illustrations show six of the seven individual types of Link-Belt positive drives which can be arranged in whatever combinations are required.



POSITIVE DRIVES bring POSITIVE PROFITS



In a few square inches manufacturer and dealers get together

Two and a half inches is the width of a listing column in the classified telephone directory.

In that space many manufacturers and their dealers make sure that prospects know where to buy the products they sell. That is how, at low cost, they check substitution and complete sales which might get lost by the wayside.

Look in your classified, right now. See the many leading advertisers who use Trade Mark Service. Then let us show you how it could be used to increase your sales and insure your advertising.

Trade Mark Service Division, American Telephone & Telegraph Co., 195 Broadway, New York, or 311 W. Washington Street, Chicago.



HERE'S HOW THEY DO IT TO CHECK SUBSTITUTION

CLASSIFIED TELEPHONE DIRECTORY

Multigraph-Multilith Machines, Supplies and Service

Only Authorized Distributor of Multigraph and Multilith Machines for Duplicating, Printing, Lithographing, Composing and Folding (new and factory rebuilt) and Certified Supplies, Accessories and Service.

"WHERE TO BUY IT"

Multigraph Sales & Serv. Agency
220 Hodgson Bldg. AT 1-2110-2790

Musical Instr

ANDERSON STUDIOS
BELLSON GUITAR

Bett Celestia Piano & 89 S. Birminghams
Brittish Ex Scientific Language 89 S. Calhoun St.

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Low Rates: RE gent-6430
409-6th ave. GE wva-6596
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← 2 1/2" →

in time, imports of primary kaolin may be replaced by valley production.

Progress in electric firing of porcelains indicates that commercial-scale application will soon be available. National defense ties in again, since spark plugs, chemical ware, and a long list of war essentials are high-grade ceramics.

TVA is making no ceramics or anything else for sale. It is working closely with units of the industry to help them improve their methods and markets.

Berry Looks Ahead

His council ends first phase and plans long-term studies; he hopes for new law.

GEORGE L. BERRY'S Council for Industrial Progress last week concluded the "first phase" of its endeavors by meeting as a unit and approving its committee reports (*BIW*—Mar 14, p 8).

Whereupon Mr. Berry proudly carried them to the White House as "final proof, if such be needed, of the ability of men from all elements of industry to get together on conclusions regarding the major problems confronting industry."

The council unanimously approved the recommendations of four committees, those dealing with national industrial policy; the anti-trust laws and the Federal Trade Commission Act; government competition with private enterprise; and internal and external competition.

There was one vote of dissent from the report on financial aid to small enterprise; three from that on fair-trade practices; and five from that on the maximum work week, general wages, and child labor. The dissenters will submit minority reports.

Neat Conversion Plan

Having outlined its policies, the council expects to proceed with long-term studies on how to put them into effect. The present reports, Mr. Berry pointed out, are merely tentative, being based on such information as was readily obtainable from government and industrial sources. All the committees found that further research is necessary for "the future cooperation between industry and government which is essential to general welfare."

In this adroit way Mr. Berry converted what had been expected to be the end of the chapter into the opening paragraph. Of course, the President might dismiss the council with profuse thanks, but that is not probable.

What Mr. Berry wants, and what the President may agree with, is to make the council permanent. But no bill with that object will be pushed until after the election. If Mr. Roosevelt is reelected, he may try to persuade business to put some of its real leaders on the council.



Look at your business forms as opportunities for SAVINGS

Simplified office lithography . . . at savings which range from 25% to 60%! An employee-operated method of lithographic printing which will produce up to 85% of the needs of the average office! That's the challenge Multilith makes to office costs.

Multilith provides the simplest process of its kind ever perfected, yet it gives you the fine quality of work you require . . . in one or more colors . . . at costs that will sweep substantial sums of money out of expense, into your profits.

Consider these possible savings in office, store or factory forms of all kinds . . . in advertising folders, booklets, inserts . . . in bulletins, house organs, announcements . . . in price lists, catalog pages and other sales promotion. And consider speed. You can typewrite, draw, trace or write on a flexible Multilith

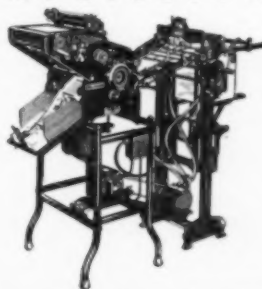
plate and begin to print within a few minutes!

You can print *what* you want, *when* you want it. No need to carry large quantities in stock . . . less waste from obsolescence and spoilage . . . minimum space required for storage. Any Multigraph representative will welcome the opportunity to prove

Multilith savings, *in your office*. Discuss the subject with him when he calls or, if you prefer, write us for samples and more complete information. Business owners, executives and department heads should write on business stationery for Booklet 29.

Multigraph Company, Division of Addressograph-Multigraph Corporation, Cleveland, Ohio. Offices in all principal cities of the world. Office duplicating, printing, lithographing, typesetting and folding machines. Prices as low as \$145.00. Sold on convenient terms.

MULTILITH



A MULTIGRAPH PRODUCT

MULTILITH OFFICE LITHOGRAPHY



COMING UP TO SPEED...

Faster . . . FASTER . . . FASTER hum the mighty motors as controllers are thrown to "High Speed"

And *Faster . . . FASTER . . . FASTER* hum the metal-working shops that make the motors. For increased sales bring increased production . . . and increased production brings increased purchasing.

Thus, electrical manufacturing shops, with sales up 21% in 1935, and still going higher, join the rest of the busy, buying metal-working field in "Coming Up to Speed" with equipment buying.

It's a field that's buying . . . and buying plenty. Machine tools, for example. In January the index of orders soared to 110.6% of the 1926 average, 69% higher than a year ago.

And so *Faster . . . FASTER . . . FASTER* should aggressive manufacturers of all types of equipment shoot their sales messages to this busy, buying field.

And that means plenty of *American Machinist* advertising. For *American Machinist* advertising is the No. 1 faster method for calling on the men who control the orders.

And each call lasts long and works hard. Because *American Machinist* circulation is invited circulation . . . paid circulation . . . assuring more interest in your sales message.

Speed up your selling in this field NOW. You'll profit by making calls more regularly. Do it with plenty of penny-a-call *American Machinist* advertising!

American Machinist

A McGraw-Hill Publication

330 West 42nd Street
New York, N. Y.

Working nights in a metal-working shop that makes industrial electric equipment. Such shops buy 11% of all equipment purchased by the busy, buying metal-working field.

New England Turns An Old Corner

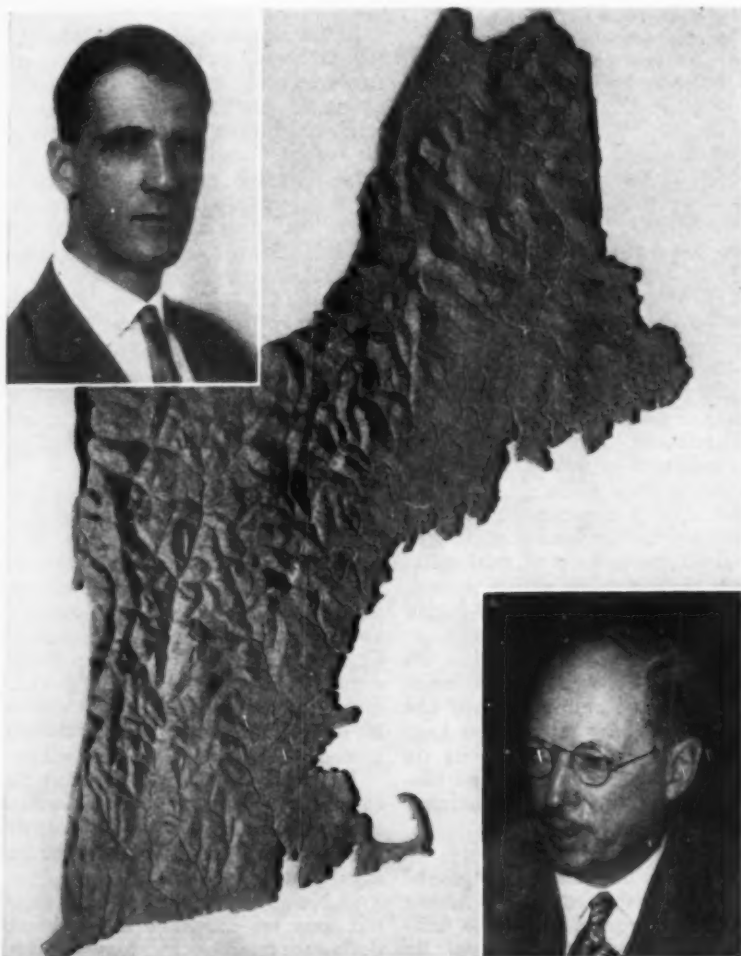
Increases its percentage of national industrial production after a long decline. Modernizes not only plant and equipment but men and methods.

THE industrial state of mind and the business prospects of New England are fairly epitomized by a statistical wag who rushed into print the other day with a thesis that our Northeast empire has just turned the corner of a business trend that has been steadily downward for 300 years.

The argument is that three centuries ago New England had practically 100% of the industrial production of the country, a percentage which has declined steadily since to reach a bottom of 9% in 1929. The census of 1933 brought the percentage up to 9.8% and theoretically it is well above 10% today.

In other words, industrial production in New England in relation to that of the country as a whole has been stabilized. Emigration of the constituent elements of New England's industrial priority—men, money, and machines, all playing their trained rôles in industry—is about at an end, and the curve is bending slightly upward.

Tradition usually colors business opinion. It is tradition to consider the cotton-textile industry a barometer of business conditions in this territory, and once it was. Yet the production of cotton goods accounts for less than 7½% of the industrial output of the region.



Harris & Ewing

Business Week

REGIONAL REJUVENATORS—Winthrop L. Carter (lower right), president of the New England Council, Dudley Harmon, the executive vice-president, and other council members find their faith in New England justified as years of hard work begin to bear fruit. The council of 72 members, elected by six State Councils, was formally organized in December, 1925. Officers and executives are men of broad interests who serve the council without pay.

New New England

The Editor of *Business Week* has gone Down East to talk with the business men who are resetting the cornerstone of America on firmer foundations after the depression. He has seen what they are doing in the old industries that built the power of New England and watched how they are developing new ones to keep her strong in changing times. He has gone behind their individual and co-operative programs of action to find out what they think about their problems and their prospects and how they feel about the political and economic trends amid which they are remaking the six states.

This is his report, one of a series of such informal surveys which began last fall with similar trips to the Middle West and the Northwest (*BW*—Oct. 12, 19, 26 '35), and will be continued in future issues to give readers the significant human picture of what is going on behind the dry business statistics of the other great regional markets of America.

Even in this industry, which suffered so much from the depression, the outlook is encouraging. The wage advantage of the South is far less a menace than heretofore, and industrial stability is in sight.

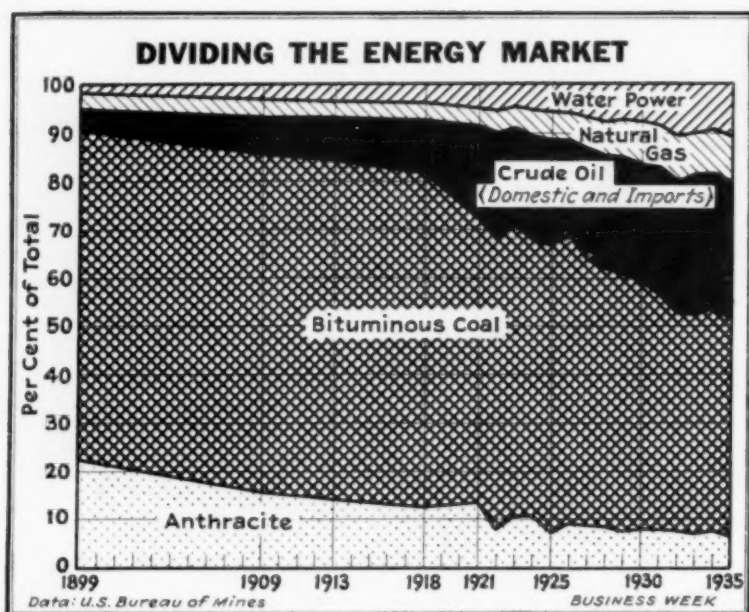
In other divisions of the textile industry, New England is more than holding its own. It has been years since the woolen industry has been as active and as prosperous as at present, while rayon and other synthetic textiles seem threatened with a boom. Textile mills are being modernized and textile machinery is moving in fair volume.

Textiles always made a relatively low profit industry. On the other hand, the machine-tool business, always a profitable one, has been breaking all records for the last seven years. Here the principal handicaps to greater activity and larger profits is the scarcity of skilled workmen, an evil that is beginning to cripple many other industries, including the building trades.

Shoes Stout

The shoe industry has just closed one of the best years in history after holding its volume exceedingly well throughout the depression. This and the leather business are two industries which have always returned relatively low profits but afford employment to a vast aggregate of workers and capital.

With the possible exception of the prairie states, politics is more a part of business thinking in New England than anywhere else in the country. The feeling is almost universal that the crisis of emigration is about ended, that the penalty of distance from raw materials and customers has been paid, and that substantial and lasting progress has been



COMPETING FUELS—This chart measures the changing demand for energy gauged by the annual output of 5 major sources of power. Since not all of each fuel's output is in direct competition with the other, the competition presented here is potential rather than actual. But significant trends are reflected in the shrinking importance of coal, the emergence of oil and water power.

achieved in a political situation which is the worst the average New Englander can conceive.

With politics remaining as it is, New England will persevere and endure. With a return to more accustomed ways of politics, industrial greatness and regional prosperity is taken for granted.

Majority Anti-New Deal

Naturally confidence in political regeneration rises higher in New England than elsewhere. This is the native heath of economic fundamentalism. Majority business opinion still holds that Roosevelt can be beaten this fall, but hopes of economic recovery are not entirely dependent on so tenuous a premise.

Popular consensus, which is the almost universal opinion of business, is that at least five of the six states will go Republican in the congressional elections.

Connecticut is usually picked as the single still doubtful state. There is undoubtedly some wish-thinking in the belief that this is somewhat indicative of what will happen throughout the North as a whole. The assumption is that whoever occupies the White House during the next four years will not have a New Deal majority in the House of Representatives.

This is not to suggest that torism characterizes business in the territory today. The most significant observation made on this excursion of appraisal was the change of policy and thought manifested by business leaders. While resenting bitterly the experimentation, regimentation, and punitive reform

undertaken by the current Administration, New England is being permeated with a new sense of responsibility and opportunity in social and economic affairs and a new manifestation of modern thought in business.

The old boys with the sideburns have almost disappeared. More young men are coming into places of authority every day. The traditional New England industrialists either ignored or denied the existence of problems of public policy, public relations, and social welfare. Their industrial offsprings are taking leadership in these fields.

What is more important to our concern is that New England is going seriously about the business of modernization not only of plant and equipment but of men and methods. This section was traditionally concerned almost exclusively with industrial production. Its artisans were the most skillful in industry. It made the best mousetraps and the world came after them. New England is now learning that markets are just as important as materials and processes. A surprising note of modernization is the result.

Just a Starter

These things have been accomplished by a community effort that is almost unique in so large and diverse a territory. The cooperative efforts of six states through the New England Council is largely responsible. And yet when one inquires closely into the records of the Council he must be impressed by the fact that its accomplishments are just beginning.

Jolts Job Insurance

New York judge holds state act violates U. S. Constitution; case headed for Supreme Court.

SOCIAL security legislation met its most serious court reversal this week when New York State Supreme Court Justice Pierce H. Russell in Troy held the state unemployment insurance act unconstitutional. (But bear in mind that in New York the Supreme Court corresponds to the Circuit Court in most other states. The highest New York court is the Court of Appeals.)

The New York act is now headed towards the United States Supreme Court, as a result of Justice Russell's decision and of another one, two weeks ago, by New York Supreme Court Justice William F. Dowling in Utica, who sustained all the act except a provision allowing benefits to workers who strike, quit voluntarily, or are discharged for incompetence or sabotage. Both cases are now up for decision by the state Court of Appeals.

Justice Russell held the act unconstitutional on the ground that making one employer contribute benefits to an employee of another, through a pooled fund, violates the due process clause of the federal Constitution.

New York is the only state so far to adopt a simon-pure pooling arrangement. In Alabama, the District of Columbia, Massachusetts, and Washington, although contributions go into a common fund, employers with a stable employment record are to be taxed less heavily, the rate varying according to a merit-rating system.

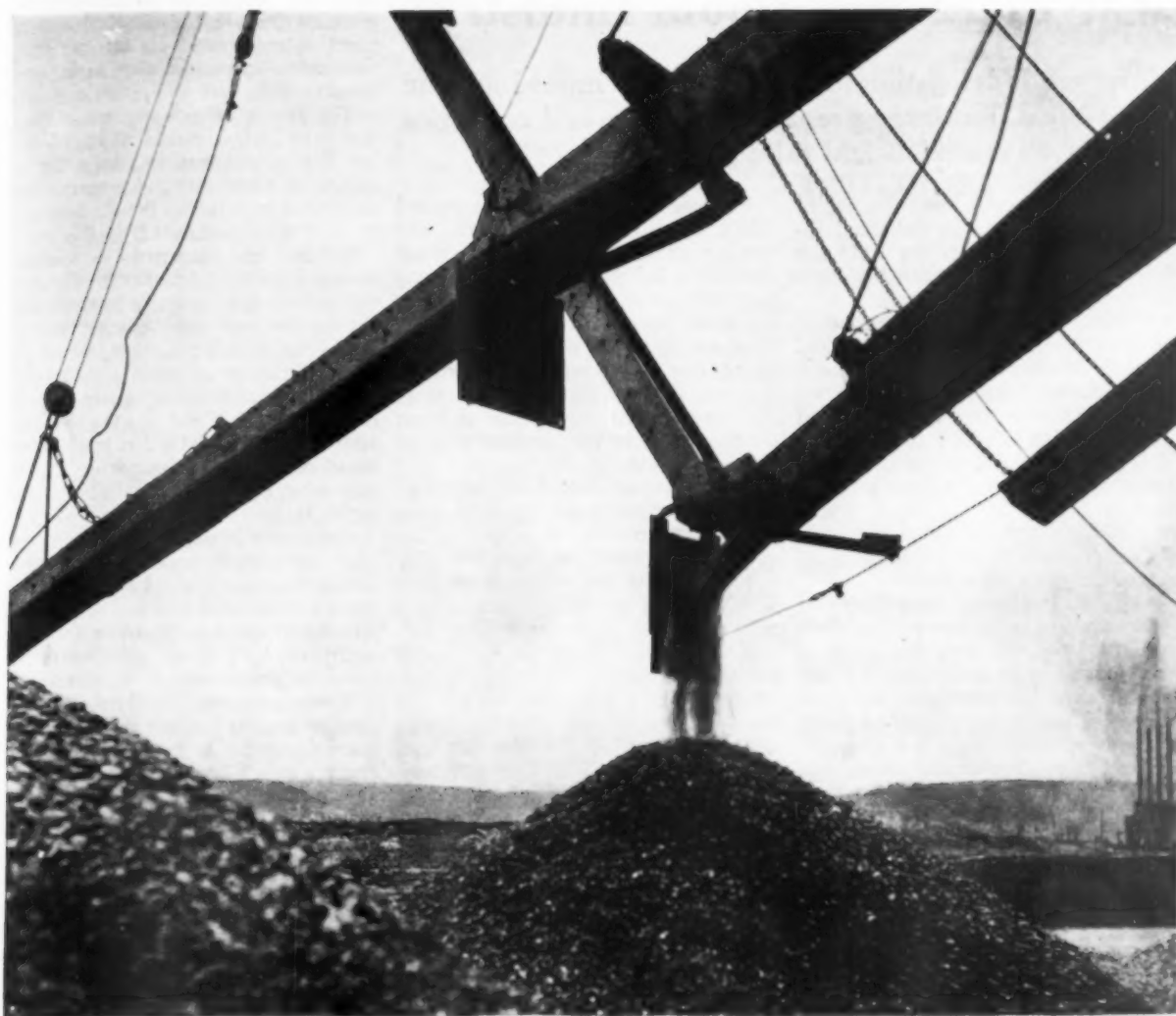
Variation of Pool Plan

In California, New Hampshire, and Oregon, employers have individual accounts in a pooled fund.

This peculiarity of the New York act caused lawyers to question whether a federal Supreme Court decision on it would be conclusive on the status of other state acts. This was in spite of the fact that Justice Russell based his decision on the decision of the Supreme Court last May on the Railway Retirement Act, in which it was held that taking funds from one railroad to pension all railroad employees violated the due process clause.

Justice Russell declined to enjoin the collection of New York unemployment taxes, pending a Court of Appeals decision, which is expected before the first instalment date, May 1.

In New York, as in many other states, the taxes are collectible in instalments during the taxable year, whereas the first payment of the federal tax is due Jan. 31, 1937, on payrolls for the calendar year 1936, employers getting a credit up to 90% of the federal tax on account of payments made under approved state insurance systems.




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
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War Plans May Boom Industry

Hitler sends delegation to London and no immediate war is expected, but huge preparations of several countries will absorb materials and raise prices.

A WEEK after German troops reoccupied the Rhineland, the most important development in the eyes of the world was the growing reassurance that the move was not going to cause a war.

Council members of the League of Nations met in London. France and Belgium demanded that German forces be withdrawn before any negotiations begin. Hitler refused to retreat, and demanded that Germany be treated as an equal if it was to return to the League. He also had a peace plan, including mutual non-aggression treaties and reciprocal demilitarization of Franco-Belgian-German borders, which he insisted that the League discuss.

They'll Probably Cool Down

Britain was conciliatory. There was agreement that Germany was guilty of breaking her treaty obligations under the Versailles and Locarno treaties, but it was conceded that something might be gained if Germany would return to the League. Hitler's proposals were neither accepted nor rejected. Ultimately, they are likely to be considered along with other schemes.

Lengthy negotiations will drag along, but Hitler, after balking at first, sent a delegation to the Council meeting, and eventually France is likely to agree to a temperate policy—behind the assurance that Britain will support her if Germany should make any aggressive move.

Business the world over has reacted calmly to each new development; and this is a good indication that no immediate crisis is likely. The stock markets in every country slowed up temporarily, but there were no sharp price breaks. Government bonds were weak, but in France this tendency has been developing over the past three months and is due more to the expectation of franc devaluation after the elections than to the fear of war.

When there are abnormally large purchases of any commodity, Europeans are sure that a country is preparing for trouble. Metals, cotton, wheat, and oil head the list of the emergency supplies which would-be belligerents always stock.

The trading volume in the metals pulled out of the depression trough more than two years ago. There has been no sustained spurt in this business in the past year. The volume has been expanding steadily, with legitimate business recovery causing at least a part of the increased consumption. The fact that last week's dramatic political flurry caused nothing more than a momentary ruffle in the commodity markets has been carefully noted by business leaders responsible for their industry's future plans.

Optimists still believe that some last plan for peace will be evolved in the

next two years, but realists insist on planning their future with full recognition that preparations for war are going to play an important part in business developments.

The French defense appropriations in the 1936 budget exceed \$178,000,000, but the government is asking for an additional \$44,000,000 during the next four years to build up the air service.

"War Orders" Pile Up

Britain has increased its defense budget from \$633,000,000 for the fiscal year now ending to nearly \$800,000,000 for the year beginning Apr. 1. The biggest jump is in the air arm, where the appropriation is increased \$80,000,000. This accounts for the expansion of plant capacity (*BW—Feb 8 '36, p. 35*) and the rush of business which has made it impossible for civilians to get delivery in less than several months (*BW—Mar 14, '36, p. 41*).

Germany's building program is expected to pass its peak this year. The Soviet Union announced a defense program for this year which will cost two billion dollars, and Japan is spending nearly one-half of all government income for armaments.

These programs in themselves are enough to carry business recovery in the heavy industries to new high levels, to create a steady demand for raw materials which will help to absorb many surpluses and stiffen the price structure. To the extent that they absorb people not now employed, they will increase buying power in normal peace-time lines.

With elections scheduled in Germany on Mar. 29, and in France on Apr. 26 and May 3, there is bound to be a lot of bitter controversy in the next few weeks. Neither side dares to take too conciliatory a stand in the eyes of the electorate, though both are willing to negotiate.

Business scouts insist that war in Europe is highly improbable during this year or next, because Europe neither wants, nor is prepared, to fight. Forecasts beyond this must depend on intervening developments.

No Chaos

Report shows high score on adherence to code standards.

SEC. ROPER has on his desk at the Department of Commerce a scorecard designed to show how close each of 44 industries now stands to the wage, hour, and trade practice standards that were made compulsory by NRA and left voluntary by the Schechter decision. Drawn up by an NRA-Commerce-Labor committee headed by Capt. W. P. Robert, it indicates that:

(1) For all the industries cross-sectioned, the majority of members and



Business Week

SAFER SAFETY—Announced as much tougher and stretchier than binders formerly used in safety glass, a new Vinyl plastic developed by Carbide and Carbon Chemical Corp. research department at the Mellon Institute gets its first public test. Thoroughly battered, the glass may be rolled like a rug, without dropping the broken particles. Plans for marketing it are well along.

those carrying by far the most employees have adhered substantially to code labor and trade practice standards;

(2) No generalizations can be made as to the relation of size or location of plant to its probable adherence to the old standards;

(3) Wage minimums have stood up better than hour maximums as orders have increased;

(4) The most general breakdown in standards has occurred in retail trade;

(5) Best showing on observance of code hours and wages has been made by iron and steel, can manufacture, cotton textiles, wool textiles; worst by retail trade, cotton garments, electrical manufacturing, shipbuilding, wood-cased lead pencils.

However, Capt. Robert's letter of transmittal holds that statistics given for the electrical and shipbuilding industries are misleading and "code performance" is better than the figures indicate.

Meanwhile, the National Industrial Conference Board is reporting estimates which show that of the total reduction in unemployment between January, 1934, and January, 1936, 80.3% is attributable to improved conditions in the manufacturing industries; outside of manufacturing, construction and mining, the situation appears to have become worse rather than better.

On Price Control

"Methods of Circumventing Federal Rule" discussed in federal agency's analysis.

THE subject of price control is a double-headed one—it involves regulation of discounts to restrict the price advantages of big buyers, and maintenance of prices at resale by agreement between manufacturer and dealer.

New legislation to expedite control on both fronts may or may not be passed by the present Congress, but meanwhile various government agencies are aiding the embattled independents by analyzing the value of existing laws. This week, the Special Study Section of the Review Division of the National Recovery Administration issued Work Material No. 16, "Resale Price Maintenance Legislation in the United States," prepared by Harry S. Kantor and Anne Golden.

This 116-page study is a comprehensive analysis of such important cases as those involving the Ingersoll Watch Co., Dr. Miles Medical Co., Colgate & Co., and the Beech-Nut Packing Co. State fair trade laws and other laws affecting resale price contracts, model manufacturer-dealer contracts, proposed measures of the Capper-Kelly type, and other documents are reproduced in full.

The last subject discussed gives the keynote of the whole study: "Methods of Circumventing the Federal Rule."

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

In asking further information on new products or submitting data on newer ones, address *Business Week's* Chicago offices—520 N. Michigan Ave.

To promote the sale of its new line of Glorified Light paints, the Pittsburgh Plate Glass Co. uses a new type of color-sample-card which permits the determining of the reflection factor of colored surfaces, and rates the different shades of colors in reflection-factor percentages.

THE Samson-United Corp. announces the Safe-Flex fan, which is equipped with flexible, tough, molded-rubber



blades that are peculiarly shaped to give maximum efficiency, are practically noiseless in operation at all speeds, and will not injure interfering objects.

THE new Thermograd electric furnace for laboratory use, offered by Duncan Mackenzie's Sons Co., has a door that can be worked with one hand, and heating elements that are supported by water-cooled terminals. It may be used in either reducing or oxidizing atmospheres, and gives working temperatures up to 2,750° F.

THE C. O. BARTLETT & SNOW CO. announces a new air-filter of the froth flotation type. It carries the air through an equalizing chamber, upward through a water bath that traps large dust particles, and through an oil film that catches the finer particles.

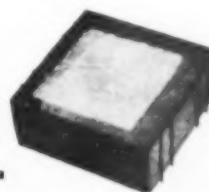
ALFOL radiator reflectors, now offered by the Alfoll Insulation Co., fit snugly behind hot-water or steam radiators, are intended to reflect the heat back into the room, protect walls and draperies, are easily installed and light in weight, and sell at a nominal price.

MAGIC MUG



Just as milk constantly bubbled up from the bottom of the Magic pitcher in the old myth—shaving cream bubbles up from the bottom of this new Fitch container molded of Durez. A double bottom contains the cream, and a slight turn of the base between lathers forces a dab of cream up through a hole. Molded of Durez, the mug is light, unaffected by soap and water and will never rust, corrode, or lose its smooth, lustrous finish.

EAT YOUR CAKE—



and have a sewing box!

This new and smart gift box for fruit cake is molded of black, lustrous Durez with a contrasting copper cover tray. The Durez box has counter appeal—and offers an extra sales advantage, for, when emptied, it makes a fine sewing box, cookie jar—or what have you?

LIGHTER WEIGHT



—longer wear...

Molding these field glasses of Durez cuts their weight in half—and lengthens their service life! Because the glossy, black Durez finish goes all the way through the piece, is not applied to the surface—it will never show signs of wear. Rain, sun, salt water will not affect it at all.

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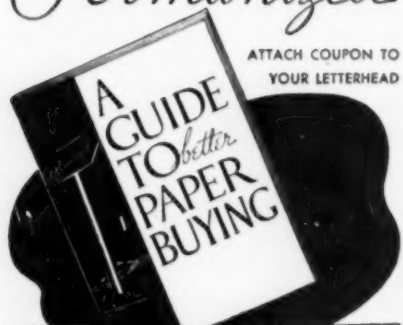


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Rational Road Plan

One state legislature is shown a way out of hit-or-miss highway development.

GOOD news for those who use the roads, comes out of Albany, N. Y. A legislative commission, created in 1934, has made a survey and brought in recommendations for a comprehensive program for statewide road development and maintenance looking to the expenditure of \$92,000,000 each year for five years, \$88,000,000 from gas and motor vehicle license tax funds and \$4,000,000 from federal aid. It is the first time that any state has planned for permanent evolution and control.

The 100,233 miles of roads within the Empire state would share in this expenditure in proportion to their traffic and social importance. Communities of every size would be able to plan ahead for a definite, integrated road development suited to their needs.

Under the program 5,300 miles of state highways would be resurfaced within four years. Cities would benefit by a system of arterial and by-pass highways. The plan also embraces sidewalks where needed, 100 miles of experimental highway lighting, and other improvements.

Highway engineers applaud the prospect of ending wasteful hit-or-miss road construction, based on the whims of legislation. (Pennsylvania, for example, in one session took 20,000 miles of road into the state system and demoralized the budget.) Truck, bus and car owners and highway shippers see bene-



PART OF THE JOB—King Edward VIII has to get into uniform occasionally to inspect one or another of his military groups. Leaving church service celebrating the Welsh Guards' 21st anniversary, he goes to the parade ground to view the regiment.

fits from re-routing of through traffic, over shorter, less frequented roads.

Action now waits on the state legislature which is said to be favorable, though the program may not go through until next year.

King Edward VIII's Money

How much he may get, how he will probably spend it. Personal friends watch over his investments. King's expenses are necessarily great.

LONDON (*Business Week Bureau*)—In the next few weeks, Parliament will go through the formalities of deciding how much it is going to allow the new king, Edward VIII, for performing the royal functions.

The amount remains more or less the same from reign to reign. But there are two questions to consider this year: Shall the pre-depression allowance be restored, or is Edward going to continue to operate the royal household on the curtailed figure his father accepted in 1931 when all Britain was "cutting corners"; and is he to receive the full allowance his father received as head of a family? He has already requested Parliament to provide for the "contingency of my marriage."

Before the depression, King George

received £470,000 from the British taxpayers (\$2,350,000 at \$5 to the pound). In 1931, he voluntarily cut this fixed income to £420,000 (\$2,100,000).

This part of the king's income is no secret. It appears in the treasury report under the "civil list." Here's how Parliament expects Edward VIII to spend his income, if he accepts the curtailed amount on which his father lived during the last four years of his reign:

Their Majesties' Privy Purse.....	£97,800
Salaries of Household	111,800
Expenses of Household	171,600
Works Department	20,000
Royal Bounty	11,700
Unappropriated	7,100

In addition, since 1934, special revenues

have paid into the Privy Purse an extra £85,000.

The king in theory is one of Britain's greatest landlords, but since 1760 the revenues of his possessions have been handed to the state in return for the settled income which has been voted by the House of Commons. The estates would yield about £1,200,000 (\$6,000,000). Instead, he accepts the two million dollars voted by the government.

In his father's reign, the Prince of Wales had a separate account. He also took the revenues of the Duchy of Cornwall. The revenue from this is £250,000, from which must be deducted certain estate benefits, leaving a net income for the royal family of £66,000 a year.

A Split for York

As there is now no Prince of Wales, these revenues revert to the Crown, but it is expected that Edward VIII will apportion at least a part of this amount to his brother, the Duke of York, who will assume some of the duties normally carried by the Prince of Wales.

As King George's widow, Queen Mary receives an income of £70,000 a year (\$350,000) voted by an act of Parliament in 1910.

Property directly controlled by the king is enormously valuable. Buckingham Palace stands on a marvelous site in London, and if sold would bring about £3,000,000. Gold plate in the palace is estimated to be worth £2,000,000 (it weighs five tons and some pieces are so large four men are needed to move them), and the collection of old masters in the royal households is valued at £1,000,000. The late King George's stamp collection, one of the best in the world, is worth about £400,000.

The private residence at Sandringham, where George V died, is probably worth £1,000,000. Balmoral Castle, bought in 1852 for £32,000, is now thought to be worth £60,000.

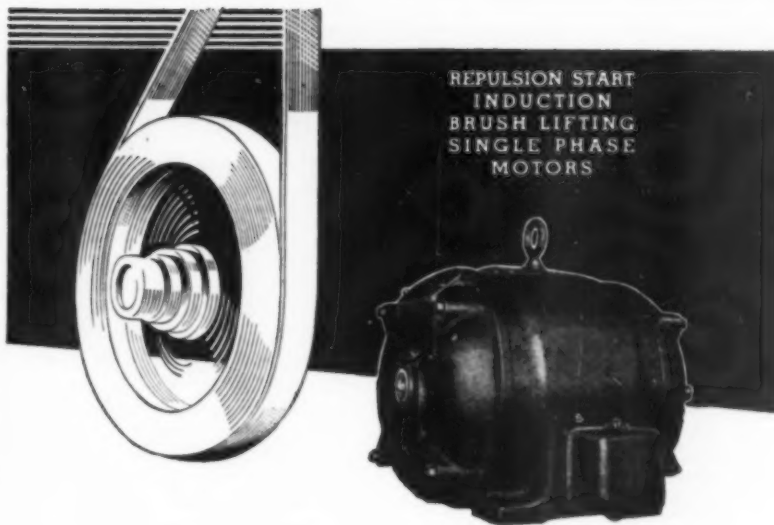
No Check on Spending

The king's racing stables are private property and any profit from them goes to the king. As a private citizen, the king is under no restrictions as to how he spends his money. King George found that from his official income he had a bare £2,000 a year for personal use. The king can dabble in stocks if he wishes, but the amount of his holdings is never revealed. King Edward's investments are watched for him by his friends, Cassell and Rothschild.

By many standards the king is not a rich man. His Privy Purse of £97,800 compares with £782,000 allowed to the king of Italy, £37,500 to the king of Norway, £53,600 to the king of Denmark, £84,000 to the Queen of Holland.

British subjects like the Lords Rothermere and Beaverbrook and the Dukes of Westminster and Salisbury may draw up to 10 times as much as the king.

A glimpse of some of the royal expenses makes even a \$2,000,000 income



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WHY "YARDSTICKS" WON'T WORK

AN OUTSTANDING popular fallacy has been the application of so-called "yardsticks" to electric rates. The TVA is supposed to be a measure for rates over a wide area. Municipal electric plants are used as a measure for private plants. One town is a "yardstick" for its neighbor. The fact that most of these comparisons are made between economically dissimilar situations does not discourage the "yardstick" wielders in the least. The result has been widespread misinformation as to the fairness of electric rates.

Study of 19 Utility Units Indicates "Yardstick" Fallacy

A recent study of nineteen electric operating units shows clearly the great differences involved in bringing electric service to these areas.

In one area, the customer requires for service an average of 3 feet of transmission line, while in another area 210 feet are required. Similarly, there is a variation in distribution lines necessary to serve the customer from 20 to 384 feet.

The Federal Power Commission concedes that differences in rate levels are justified by the diversities of consumer requirements, the character and density of population, geographical conditions, accessibility to fuel or water power and the lack of uniformity of taxes.

These factors emphasize the fallacy of comparing electric rates by employing "yardsticks," and also indicate why electric rates cannot all be the same the country over in urban and rural districts, but must be determined for the specific area served.

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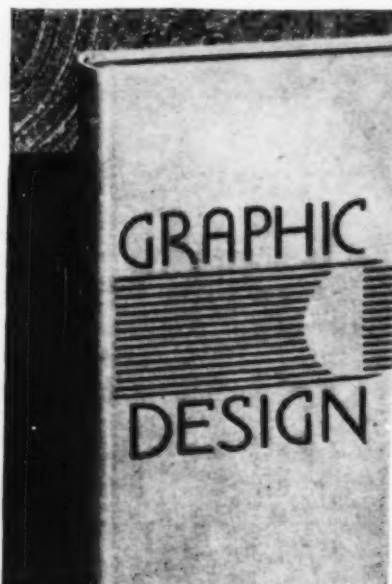
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look small. Stocking the royal cellars costs nearly \$40,000 a year. The royal garage bill is \$25,000, and the king pays \$26,000 to uphold his end of the royal pageantry by keeping his servants in proper livery. To have the royal clothes washed costs him another \$30,000 a year. Buckingham Palace is a tremendous expense, taking nearly \$145,000 from the family funds each year.

The new king has reduced the cost of royal travel by using only a private car instead of an entire train.

Fascist Paraguay

First in New World. Washington worries lest anti-foreign spirit spread in Latin America.

FASCISM was born in the Americas last week when little Paraguay, the smallest of the South American countries, announced that it had adopted that form of government. Col. Raphael Franco, hero of the war with Bolivia over the disputed Chaco territory, heads the first totalitarian state in this hemisphere. Party leaders have already declared that the new government will be militantly nationalistic, anti-foreign, anti-church.

It is the anti-foreign spirit which is worrying Washington. The investments of Americans in Paraguay are insignificant, but in Latin America as a whole they are enormous. If this form of government were adopted in other Latin American countries, it would jeopardize huge mining, meat-packing, and utility holdings owned in and controlled from the United States.

Road to Poverty

Paraguay, even if the new Chaco region is included, is smaller than California. Fewer than one million people live in the country, and most of them are Indians. Over the past 100 years, Paraguay has had a checkered career. At one time, it was comparatively progressive and prosperous, but a long war with neighboring Brazil, Uruguay, and Argentina killed off most of the able-bodied men and reduced the country to extreme poverty.

It was after this disaster that foreigners were invited to come into the country, and foreign capital investments were encouraged. In the recent Chaco struggle, these foreigners naturally did not participate. And just as naturally, they reaped large profits supplying the needs of the army.

Col. Franco declares that it is now time for Paraguay to reclaim control of the country's industry, and he intends to do this behind the authority of a Fascist dictatorship. Naturally, he has the backing of many of the Paraguayan soldiers, who see in the move a chance to share in the profits from, as well as the wages paid by, the country's industries.

Business Abroad

Berlin is nervous over solid opposition to Rhineland move. Blundering by British cabinet rouses ire of British business. Cuban pineapples made test of Roosevelt's reciprocal trade program.

BUSINESS is continuing on an even keel in Europe while the powers negotiate in London. No one has confidence that permanent security is just around the corner, so armament plans are going ahead with feverish haste (page 40). Germany has agreed to participate in the London talks, but the former allies have no intention of accepting Germany's terms.

In the Far East, the new Japanese government promises to formulate its foreign policy without the dictation of military authorities. Russia at the same time has accepted the proposal to have a mixed border commission survey accurately the boundaries between Soviet territory and Japanese-controlled regions on the mainland of Asia.

France

Business is depressed by general European tension. Special tourist inducements are planned to boost summer travel to France.

PARIS (*Wireless*)—After a week of negotiations in London over the German reoccupation of the Rhineland, the French and British positions are theoretically no closer together than they were at the beginning.

The British are framing their whole policy to maintain their position as arbiter in the dispute.

France desires to obtain: (1) an official appeal to The Hague Court on whether or not the Franco-Soviet treaty is a breach of her obligations under the Locarno treaty; (2) an interdiction against German rearmament of the Rhineland which, by blocking France,

would give Germany a free hand in the East; and (3) a British promise of automatic military assistance in case of German aggression on the Rhine border.

Business is suffering from the general tension, but the Bourse has been less depressed since it became evident that negotiations in London probably would bring some settlement.

Lure for Tourists

With only a little more than two months before school vacations commence, and the giant *Normandie* returning to the transatlantic service in only a little more than a month, France is making preparations for a larger tourist influx than last year. Visa requirements are going to be waived for all visitors spending less than two months in the country, and this privilege can be extended to six months simply by applying for a free tourist card either before leaving home or wherever they may be staying in France. Visa fees for stays of more than six months are being cut in half.

In addition to these new travel inducements, arrangements have been completed which make it possible for

Americans to bring their automobiles to France for up to two months without any customs inconveniences. A special traveling card will be issued by French authorities in the United States before sailing which will automatically clear the car at a French port.

Germany

Business looks for trouble before differences are ironed out in London. Competition for markets cuts export returns.

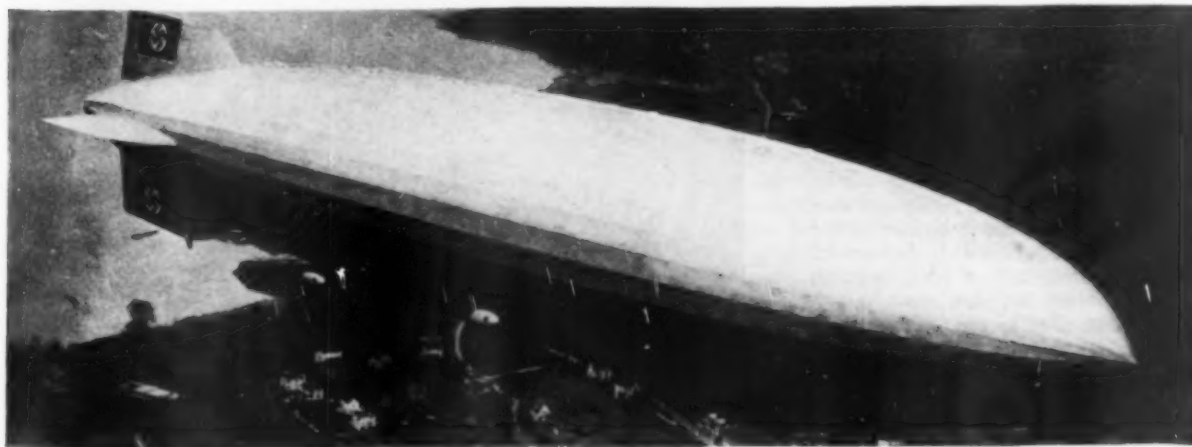
BERLIN (*Cable*)—Nervousness over the prompt and solid front opposing the breaking of treaty obligations accounts for Berlin's ready acceptance of the invitation to sit in on League of Nations Council deliberations in London.

While the public still believes Germany has won a great diplomatic victory, a few people—including government officials—realize the problems which are ahead in arriving at a settlement which will be satisfactory to the other Locarno powers without undermining Nazi prestige in Germany.

Business has not been greatly affected by the crisis because it has long been almost completely isolated. On the stock market, shares slumped an average of 3% on the first day's news, but most prices are now back to former levels.

The Reichsbank announced its annual dividend of 12%. The feature of the annual report, however, was the revelation that government-underwritten employment bills now constitute 90% of the bank's entire discount portfolio.

February foreign trade figures have just been released and show a favorable balance again. The outlook is not bright, however, for there are further evidences of the effect on German business of rising prices on imported items



SHE'S READY—Trial flights of the LZ-129 (to be named the Hindenburg) prove she is airworthy, say Dr. Hugo Eckener and his helpers, and the first hop to America is tentatively scheduled for early summer. Four years in the making, the new Zeppelin

is 30 ft. longer than the Akron and Macon were, and can carry a huge load of mail in addition to 50 passengers and a crew of 40. She will be driven by four diesel-type motors at a speed of 80 m.p.h., will be the first German dirigible to use helium.

and lower rates on exports due to terrific competition among manufacturers for foreign markets.

Great Britain

Business resents lack of firm government program in present crisis.

LONDON (Cable)—Last week's tensions are gone. The business tone is better. But business looks for only a temporary lull. Probably before the year is over, Germany will demand a return of her colonies and that is bound to involve Britain in trouble, for Britain controls the most important former African colonies and would be unwilling to give them up except in a good swap.

Anti-government sentiment is growing. The appointment of a lawyer to the all important post "defense coordinator" is chalked up as one more Baldwin blunder. The British are inclined to think it is about time to stop bluffing on a past reputation for might, and settle down to the serious business of rearming—and of doing it in a hurry. Reports leaked out this week that the fleet was sent to the Mediterranean with ammunition sufficient for only a half hour's firing.

Failure to increase exports more rapidly than imports may cause a new drive by business and government leaders for higher tariffs and a cheaper pound.

Soviet Union

Russians rush new surveys for mineral resources. "Maid's rooms" reappear in new Moscow homes.

MOSCOW (Cable)—Stirred by the newest warning that all Europe is only hoping for peace but actually preparing for war at top speed, the Soviets have started a new drive to survey their vast territory for possible new strategic resources. More than \$50,000,000 have been set aside by the Commissariat for Heavy Industry for geological surveys this year—largest sum ever appropriated by the Soviets for any single year's explorations. More than 2,000 survey parties are already in the field. They are concentrating their efforts in Kazakstan and Eastern Siberia where rich deposits of gold, coal, iron, copper, lead, and zinc were discovered last year.

The same urge to get the country in the best possible defensive position is behind the Kremlin's move in the last 10 days to weed out inefficient managers who are accused of deliberately slowing industrial production. Since all Soviet industry is now operating on a piece-work basis, it is easy to find the slackers, and Moscow promises now to punish them publicly.

"Maid's rooms" have made their appearance in the world's first communist state. In the last few years, domestic servants have been quartered in the kitchen or hallways in most Soviet homes. New houses in Moscow provide a room 18 feet square.

Canada

Alberta will test Dominion's authority over provincial finances. International Nickel will spend nine million dollars on plant expansion this year.

OTTAWA—With ordinary revenues up and ordinary expenditures down, Finance Minister Dunning will have a surplus in the Dominion's ordinary account for the fiscal year ending Mar. 31. But about 100 million dollars must be added to the national debt because the ordinary account does not include about 40 million dollars for unemployment relief (six millions less than last year); 26 million dollars for emergency public works (20 millions more than last year); and 40 million dollars lent to the western provinces. Income taxes produced 20 million dollars more in revenue during the first 11 months of the current fiscal year than in the same period last year.

Provincial finances held investment attention this week. Ontario announced a deficit of slightly more than 13 million dollars for the year just ended, estimated that next year's budget would yield a surplus of one-half million dollars. The province's new income tax is expected to produce six million dollars in fresh revenue. On this record, Ontario plans soon to enter the long-term money market for

funds to meet maturing obligations and carry on current business.

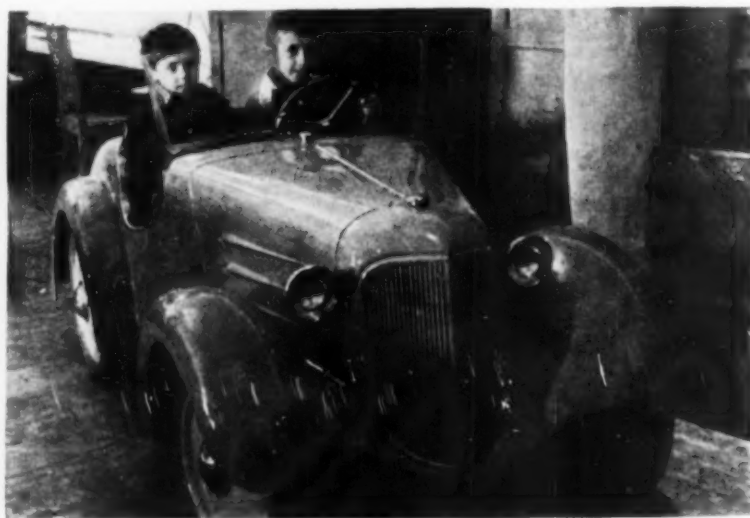
Alberta caused another stir when it was revealed that its Social Credit government intended to introduce legislation next week demanding compulsory conversion of its outstanding bonds to a new 2.75% or 3% issue. This would be in open defiance to the federal government's plan of forcing financially distressed provinces to accept the cooperation and supervision of a national loan council in reorganizing funded debts. Since several other provinces are in only slightly less financial difficulty, settlement of the Alberta case is watched by investors in New York and London, as well as Montreal, as a precedent affecting Canada's financial future. The Ottawa government is expected to take a firm stand against the move.

Just when the Mackenzie King government is voting down one after another of the New Deal laws instituted in Canada over the last few years, the Social Credit government in Alberta has approved a new retail code providing for the fixing of both maximum and minimum prices. Only a master code has been approved so far, but it is to become effective Apr. 1.

Nickel Expands

In the annual report of The International Nickel Company of Canada, released this week, it is revealed that capital expenditures for operating expansion and improvement in 1936 will amount to \$9,400,000. This compares with expenditures of \$3,206,000 last year, and \$2,395,000 in 1934.

In Montreal, it is rumored that the powerful Mitsui interests, of Japan, are negotiating for a headquarters office in Montreal which will be made a sort of trading center in Canada for all types



LEARNING CONTROL—By the time these Russian children are old enough to enjoy the new highways which are being built throughout their country, they will be familiar with automotive machinery. This child's model has a low-powered gasoline motor, cannot attain high speed.



Underscored & Underscored
PRIDE OF RUMANIA—The new telephone building in Bucharest is 12 stories high, tallest in the city. The company, an affiliate of International Tel. & Tel., reports a steady gain in stations, and at present is serving 63,750 customers.

of Japanese agents. It marks the beginning of a new Japanese drive in the Canadian market, following the renewal recently of trade relations.

Latin America

President's trade program is on trial in Customs Court. Nicaragua treaty is fifth with Latin America.

FORTY-TWO crates of Cuban pineapples and \$8.40 are at the heart of a trial which is going to determine the future of several billion dollars' worth of American business.

On trial is the Reciprocal Trade Agreement Act, acclaimed by many big business men as Roosevelt's only "real boost to business." Judgment is going to be handed down by the United States Customs Court. George S. Fletcher, Miami head of the Florida Agricultural Association, brought in the pineapples from Cuba after the reciprocal trade agreement had been signed (it was the first of 11 that have been completed by Washington), refused to pay duty at the new low rate, and took the case to court to try to prove that Congress lacked the

power under the Constitution to delegate to the President the right to levy duties and regulate foreign commerce.

The case was taken to court this week. It is expected that it may ultimately reach the Supreme Court, and it is the belief of exporters that a final decision by that group will be handed down before the end of the year. On that will depend the future of the Administration's reciprocal trade program.

New Pact with Nicaragua

Meanwhile, another trade agreement was signed this week, with Nicaragua. It is the eleventh pact under the new plan, and the fifth with a Latin American country. It includes the most-favored-nation clause, as do all of the other agreements, and becomes effective one month after being signed by the President and ratified in Nicaragua.

In return for the promise to maintain on the free list imports of Nicaraguan coffee, cocoa beans, bananas, log wood, and reptile skins, the Nicaraguans bind at present rates, or reduce duties, on imports of United States wheat flour, hog lard, milk and dried fruit, canned vegetables, machinery and electrical equipment, leather, rubber, and certain medicines.

More Trouble in Mexico

Developments in Mexico this week revived uneasiness among large merchants, bankers, and industrialists over the outlook for capital in a country which is increasingly pro-labor. There has been little doubt for many months that foreign insurance companies would withdraw from Mexico rather than comply with the government's requirement that a larger portion of the company's capital be invested in Mexico. Forty-nine foreign companies writing every form of insurance except life suspended operations in Mexico this week. Domestic companies organized several years ago are prepared to take over the business. Aim of the Mexican government in the move is to keep about one million pesos a month at home for investment in new projects which will develop the country.

U. S. Investment Is Large

More than one billion dollars have been invested in Mexico by citizens of the United States. Much of this is invested in mines and utilities. New labor legislation in Mexico is increasingly anti-capital. Wages are upped as often as twice a year in some industries. Employers are forced to provide homes, sanitation, and schools for workers, as well as vacations with pay, and insurance. The transition is being made rapidly, with little opportunity to adjust finances to the new demands.

Employers are not allowed to stop operations in any vital industry because they feel they cannot meet labor's demands. The government has decreed that the plant shall continue to operate or it will be taken over by Mexicans.

The general standard of living is undoubtedly improving in Mexico, and with it market possibilities for a good many products. But the outlook for foreign firms operating in Mexico is most uncertain.

There was a time a few months ago when it looked as though the former President, Mr. Calles, had returned to challenge the radical trend of affairs under President Cárdenas. Inside circles in Mexico now admit that this is highly improbable.

Far East

Japan captures Chinese locomotive order. Japan's biggest bankers embark on investment program in Yangtze valley, Britain's old stamping ground.

JAPANESE economic penetration of China continues.

The Japanese Spinners' Association in China has just completed the outline of a five-year plan for development of the spinning industry in China and the production of raw cotton to supply these mills and a part of the Japanese industry.

One part of the plan calls for the installation of new spindles in Chinese mills, to bring the total controlled by Japan to 250,000.

Cotton Price Guaranteed

The other part of the project calls for the guaranteeing to farmers of set prices for their cotton, and creation of a cotton company to standardize the product.

The influence of Japanese agents in China is reflected in the order for 15 locomotives which has been placed by Nanking railway officials with the South Manchuria Railway Co. The business is worth nearly \$500,000. Previous orders have always been placed in Britain or Germany. Another Chinese rail supply order—for 337 railway coaches, presumably for the new narrow gauge line in Shansie—has been placed with the Dairen (Manchukuo) Machinery works.

England Loses

Japanese penetration of the Yangtze valley, until now a sphere of British influence and the largest market for American goods, is beginning under the direction of the Sino-Japanese Trade Council, a new organization composed of Chinese and Japanese industrial interests. With the Mitsui and Mitsubishi interests involved, Japanese capital presumably overshadows puny Chinese participation.

The week's most encouraging development is the announcement that Japan and Russia will appoint a joint mission definitely to mark the borders between Japanese-controlled Manchukuo and Soviet Siberia and Outer Mongolia.

What Happened? Did It Happen?

On the morning of Mar. 11, 1935, what happened? A cotton price collapse. Anything else? A plot? Senate committee hears answers.

WHAT happened on the morning of Mar. 11, 1935? For a month a special Senate investigating committee has been asking the cotton trade that simple question, and all the committee has got so far is a bad headache, an airing of family troubles in New York Cotton Exchange circles, and a much-needed recess.

It seems that the cotton market collapsed with astonishing ease during the Mar. 11, 1935, session, prices dropping nearly 2 cents per lb. as brokers in the cotton ring were panicked by the landslide. Somebody, according to the government, was playing dirty marbles.

Wanted: A Villain

But so far during the investigation everything of interest in the animal, mineral, and vegetable worlds has been discovered and discussed and still no villain is apparent. First the eye of suspicion was cast on Anderson, Clayton & Co. (the largest cotton merchants in the world), but when W. L. Clayton was asked by the government investigators if he broke the market on Mar. 11, 1935, he answered, disconcertingly: "No. You did."

Continuing in this embarrassing vein, Mr. Clayton produced records to prove that his house had bought 14,000 more bales than it had sold on the New York exchange that day, and then went on to suggest that liquidation from tired holders who could no longer stand the fluctuating rumors from Washington concerning whether or not a new 12-

cent loan would be granted cotton growers, was the secondary cause of the break, the primary cause being the presence of the government in the cotton picture in the first place.

But all that was just the light side of the investigation. The more important, serious, and profound aspects thus far have been, first, Mr. Clayton's persistent effort to get permission to read a brief which he had filed covering the cotton trade activity for several years, and the equally persistent resistance to the idea offered by government counsel and Investigator A. S. Wylie; second, the frequently interposed pronouncements by Sen. Ellison D. Smith that he was going to get his cotton disposal bill through Congress despite all opposition (including government cotton experts and Jesse Jones); and, third, the charge by Mr. Clayton that the minority New York Cotton Exchange group headed by Robert Harriss of Harriss & Vose was trying to run the spot cotton houses out of the clearing house, and the emphatic denial by Mr. Harriss that he and his group were trying to do any such thing.

Vital Findings

During the course of these intellectual events it developed that Mr. Harriss is suspected of being a spokesman for Sen. Smith (denied by Sen. Smith); that Harriss & Vose are suspected of instigating the entire investigation (denied by Mr. Harriss); that Anderson, Clayton & Co. is believed to be too big



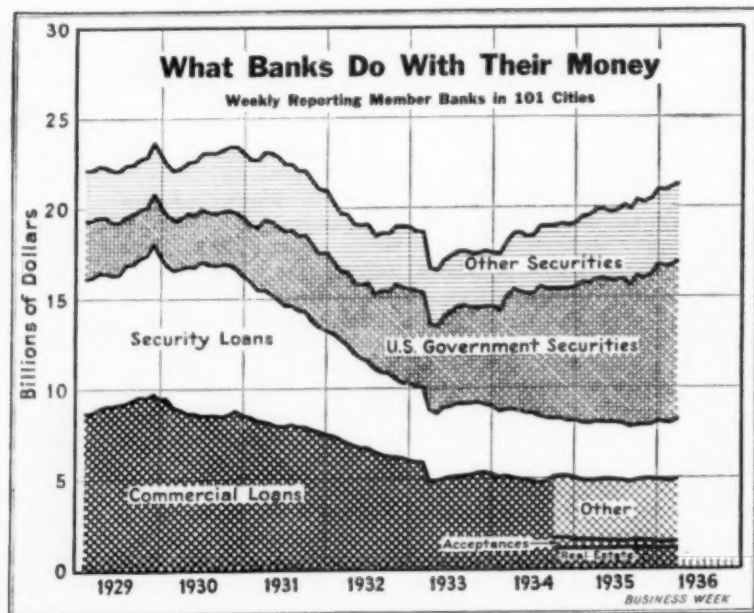
COTTON DEFENSE—John H. McFadden Jr., president of the New York Cotton Exchange, ponders the answers as a special Senate investigating committee asks: "Who broke the cotton market on Mar. 11, 1935?"

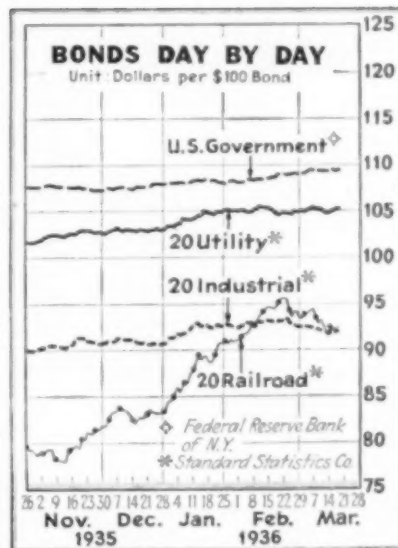
and influential in the cotton business (denied by Mr. Clayton); that about a year ago Sen. Smith advocated that the exchange bar spot cotton houses from clearing-house privileges (voted down by exchange members); that all cotton crop estimates, government and private, should be abolished (asserted by Sen. Smith); that the present system of cotton grading is infamous (asserted by Sen. Smith); that the Smith cotton disposal bill will be a godsend to the cotton trade (violently asserted by Sen. Smith); that the government has made a mess of the cotton business (averred by Mr. Clayton and seconded by John McFadden, Jr., president of the exchange and partner in Geo. H. McFadden & Bros., the second largest cotton merchants in the world); and that the boll weevil is a pest (agreed by all hands).

Finishing Touches Needed

What happened on Mar. 11, 1935? There were a lot of people holding cotton that couldn't put up more margin, and there were a lot of stop-loss orders in the market. The investigating committee may decide to let it go at that. But that doesn't seem to be important any more. What the committee is contemplating now is filling in the few gaps in cotton history that haven't yet been covered, digging up a few more thrilling chapters on the family squabble on the cotton exchange, and publishing a book of the proceedings.

Apparently it will be a best seller. The cotton exchange is going to print it serially till the end of the hearings, selling it to all at $\frac{1}{2}$ cent per page.





Money and the Markets

Eastern flood, producing relief and reconstruction problems, has sobering effect. High receipts of income taxes may change policies in debates over new revenues.

SADDEST news of the week was that from the flood areas of the East. Beyond the human misfortunes were the lesser ones of property destruction, insurance losses and the like, creating problems of reconstruction, relief, and recapture of industrial and business momentum in afflicted areas. To some extent the flood trouble cast a shadow over the remainder of the country.

On the brighter side, at least as far as government finances are concerned, was the heavier-than-expected tide of income tax receipts. Judging from hasty tabulations and projections, the Treasury this year is extracting from the citizenry as much as \$200,000,000 beyond the totals that had been thought probable.

This much velvet naturally raises questions. Those in Congress who are opposing the new undivided profits tax, for example, can now afford to be a little more aggressive in their arguments, and the new tax, already marked for a fairly slow path to enactment, may find the going even slower. Also, there may be a little more trouble than expected in store for the proposed excise taxes, designed to replace processing taxes.

But the Treasury is happy, with the money rolling in, and Secretary Morgenthau has skipped off on his vacation.

Europe Entertains

Europe is by no means a valley of peace and good will, but at least we are learning on this side of the Atlantic to accept much of the foreign sensational-

ism with proper indifference. It is doubtful that financial markets here during the week experienced more than a gentle flicker of influence from events abroad.

Last week, however, and the week before there was enough in the wind, including the foreign tenseness, to unsettle markets in a moderate way. On this account underwriting people judged the current week to be a poor time for launching important pieces of financing. Thus the \$40,000,000 Jones & Laughlin Steel issue, representing the largest piece of strictly new money borrowing that has been seen in a long time, was not put on the market at midweek as scheduled. The underwriting group handling the \$55,000,000 Consumers Power refunding issue, however, thought the market had settled down sufficiently to take their deal, hence the issue appeared promptly on its day of release from SEC quarantine.

Next week, if underwriters think fit, will present an opposing picture, for two big ones (Pacific Gas & Electric and Eastern Gas & Fuel) have issues reaching their effective dates.

Bullish Signs

Buying was resumed in the stock market this week after the irregularities of the last couple of weeks. The public has money and there is always a good number of people who are not satisfied with the low yields on straight investment stuff, hence the share market is regularly catching the overflow. Current estimates are that public or outside

business accounts for four-fifths of the aggregate daily trade.

The outstanding short interest at the end of February was reported by the New York Stock Exchange at 1,246,715 shares, an increase of 143,316 shares for the month and the highest level since the end of June, 1933. But this was of no more than passing interest to the stock trade, since it is not at all unwieldy. Furthermore, if the shorts are wrong, it is a potential bull factor.

Brokers are admitting that the market really ought to have a longer rest from the upward urge than it has had, but spring is coming with a promise of expanding business, foreign news doesn't

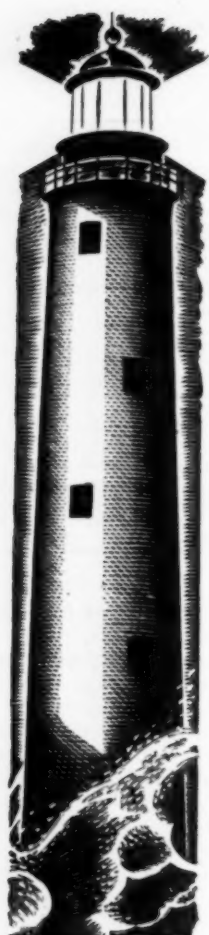
Explosion

A famous financial cannon cracker exploded this week with the magnificent noise of a wet towel falling four inches onto a pile of plush.

Allied Chemical finally exposed its marketable securities account to the gaze of the New York Stock Exchange, the SEC, and the public, all of whom have been waiting years for the stupendous event.

Led by militant Orlando F. Weber, Allied Chemical resisted this publicity so fiercely that the breathless financial trade was sure the company's stock envelope contained nothing less spectacular than a major airplane line, a corset factory, a religious publishing company, a half-interest in a European monarchy, a universal solvent manufacturer, a tourist camp, and at least one race-horse.

Chagrin! The lid of the mountainous mystery was lifted to produce two mousy items—224,000 shares of U. S. Steel common and 90,000 shares of the capital stock of Air Reduction, Inc.



Beacons of business are ability, courage, confidence. These direct the course of business activity... bring assurance of continued industrial progress. The Commercial National Bank contributes intelligent banking service.

**The COMMERCIAL
NATIONAL BANK
and
TRUST COMPANY
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FIFTY-SIX WALL STREET



MEMBER: FEDERAL RESERVE SYSTEM
NEW YORK CLEARING HOUSE ASSOCIATION
FEDERAL DEPOSIT INSURANCE CORPORATION

impress speculators very much even in its flashes of gloom, and underneath everything else is the plain fact that returns from investments remain extremely thin.

Meanwhile the Federal Reserve Board continues to study margin rules. Recently the Board consulted with the SEC on possible changes in the tentative draft that was submitted to banking officials. SEC offered a few hints and a final draft is expected to be ready soon.

Interested unlisted security dealers spent the week in Washington picking flaws in the draft of the unlisted security bill drawn by SEC. Particularly contentious is the power granted SEC Chairman Landis to decide which securities shall be listed, which not.

U. S. Steel's New Broom

Financial villagers like the United States Steel pamphlet report very much indeed. It has been bruited about for a long time that there were new brooms seen standing against the wall at U. S. Steel's shop. Now it is revealed that the sweepers are not only really there, but are actively in use.

High point of the report was the brutal decapitation of the earned surplus account, resulting in a lop-off of \$287,621,000, or more than half the entire account. In addition to indicating that the new régime is full of pep and condiments and unwilling to hoard traditional values, the move will hold down future depreciation charges which last year totaled \$4,000,000 per month.

Myron C. Taylor, chairman, reported that at the end of the year \$83,000,000 was still ticketed for plant expansion and rehabilitation. Opinion of this important corporation is received with attention in financial quarters, and the fact that Steel is implying that it foresees lots of business and is brushing up to capture it is treated as a sound tip on conditions.

Colossal Cotton Forecast

The New York Cotton Exchange now believes that only a war can prevent world consumption of cotton from booming to an all-time record this year. The jump is forecast as no mere cricket caper but a real kangaroo leap of 1½ million bales to an expected total of 27 million bales, biggest the world has ever seen.

The brilliant character of this probability is intensified by the background of obstacles to free world trade in cotton. Many European customers are out of the market because they are unable to provide necessary foreign exchange with which to pay the producing countries. Unemployment, always a market deterrent, is widespread. Competition from competing fabrics, notably rayon, is reaching new peaks at frequent intervals. Yet cotton use speeds ahead.

This stimulating progress belongs to the world, however, and not to the



Understood & Understood
OVER THE COUNTER—J. Oliver Troster, president of the New York Security Dealers Association, and Waldo S. Kendall, president of the New England Security Dealers Association, testify on the unlisted securities bill proposed by Chairman James Landis of the SEC and designed to bring the over-the-counter dealers under the SEC eye.

United States. Our participation is relatively small. We shall share some, but only to the extent of exporting a moderate amount more than last year. By no means will exports approach average levels of the past during the present year. Foreigners, including the infant South American producers, are sopping up the gravy.

Crop Acreage Also Up

American agriculture, viewing the cotton consumption boom with little more than academic interest, was this week giving sincere attention to Department of Agriculture crop acreage forecasts, and developing plans of the Agricultural Adjustment Administration.

Crop forecasts were bearish. Of 17 major crops (not including cotton), 12 were indicated as reaching harvest this year with more harvestable acres than last year. The forecasts did not take into account possible curtailment through soil-conservation contracts, but even including loss from this source there still remains the probability that abandonment will be lower and yields higher than last year when drought wielded its scythe.

AAA is a little worried about it. This week the whole organization was busy trying to get the program under way as soon as possible to prevent more acreage coming into spring crops. In finances, AAA considers itself ill-equipped. Secretary Wallace went on the air to tell farmers not to expect too much cash. His department has only \$470,000,000 to parcel out.

Editorially Speaking—

WAS there something you forgot in your income-tax return? What about the money you received through chain letters?

HUNDREDS of workmen were lined up outside an office at the Chrysler plant in Detroit last week. "What's up?" asked a visitor. "Personnel readjustment or something?" "No," said the official with him. "Old times are back in the automobile industry. We've got some tax experts in there, helping the men fill out their returns."

A TORONTO physician has devised a way of heating tobacco so that you can smoke it although it is not hot enough to burn. The thing is done with an electric heater; no matches are used. If the device becomes generally practicable, the number of fires will be sharply reduced, and a great many more people will smoke in bed.

THE Works Progress Administration is involved in one extravaganza after another. Within the past few days the whole country was reading about WPA workers invading the state capitol of Wisconsin and bedding themselves down, with the announced intention of staying until they got more wages. And in New York the secretary of the Emergency Relief Bureau declares that work-relief is cheaper than riots. This is a silly juxtaposition of thought for any official who is responsibly concerned with the relief problem.

Certainly neither WPA, nor CCC, nor any similar agency was intended to give anybody a regular, satisfying job. Jobs were used merely to sugar-coat the thing for the sake of the characteristic American pride and to avert the moral decay produced by total idleness.

The object was to give the unemployed food and shelter and prevent actual distress, not to maintain any conventional standard of living. It's because the WPA has gone beyond this object that it's got itself into various excesses and absurdities.

WISHING to improve the pronunciation of English, the Rockefeller Foundation has hired Prof. Lloyd James and brought him over from England. He says the British Broadcasting Corp., of which he is an adviser, "has selected its announcers and commentators" from "our better-class schools and our universities." Better-class in many things, maybe, but not in English speech. The so-called "Oxford accent," or, as it is sometimes called, the "public school accent," is one of the worst in the British Isles, and infinitely worse than any regional accent in the United States or Canada.

The late Robert Bridges, who was not

only poet laureate but a profound student of phonetics, always lamented his inability to get rid of the accent he had acquired in one of those ancient private schools which the English call public.

THE things they combine in food nowadays! Freshway Orange-An, composed of milk and orange juice, has been tried out in California and will soon be sold extensively in Indiana. Angostura Bitters are being poured into hot dogs and liverwurst, a lot of packers having taken out licenses from the Angostura-Wupperman Corp.—whose president, by the way, is 84-year-old Mrs. Wupperman, the mother of two talented actors, Frank and Ralph Morgan. Frank is a vice-president. Hot dog and Angostura Bitters!

FATHER COUGHLIN, urging an "annual wage" for labor, declares that industry provides "fixed revenues for stockholders," while "the only unfixed and variable cost is the cost of labor."

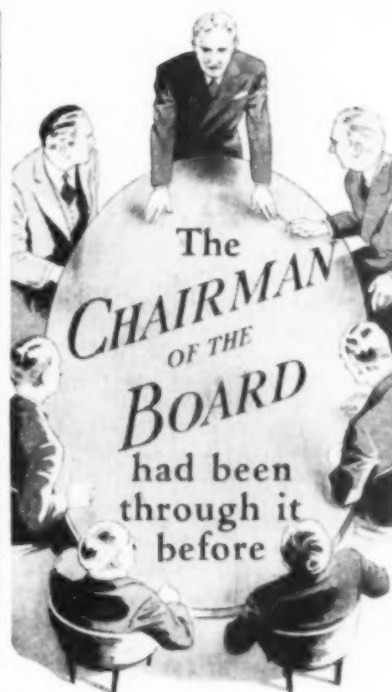
Pretty much the reverse of this is true. Labor costs are frozen under union agreements. During inflationary periods, such as the one after the war, labor bases its demands on the cost of living; but with mighty few exceptions labor refuses to draft agreements in which wages are based on the cost of living. When the tide turns the other way, as after the crash, labor costs are hard to unfreeze.

As to the "fixed revenues" for stockholders, Father Coughlin is far wrong. Dividends are the most flexible and uncertain item in corporate bookkeeping. The stockholders take what's left after labor and government and the creditors get through with the corporation.

EVERYBODY hears a lot about high-powered press-agents, but many of those who send stuff into this office are pretty slow on the ball. It's nothing unusual to receive news a week or two late. The prize example is a well-written, 1,000-word story about some highly interesting comments and predictions by speakers at an industrial exposition. The story was received early in March; the exposition was held last September.

THE race for the Republican presidential nomination would be a walkaway if Calvin Coolidge were still alive. He would perfectly embody the economy issue. President Roosevelt is not invincible, and Mr. Coolidge, who soundly defeated him once, would be implored by his party to get out and do it again.

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—competition gaining

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MARCH 21, 1936

Preaching Class Hatred

The other evening we tuned in on the radio and found that somebody was making an emphatic speech. We listened a moment. "Now who," we wondered, "is this? It isn't Huey Long, because Huey Long is dead, and if he were alive he wouldn't be talking in these tones or just these phrases, but this is substantially what Huey Long would be saying. Who can it be?"

The general nature of the speaker's purpose was plain: he was preaching class hatred. Things are bad in the United States, he said, and they were bad in 1929 and earlier. The rich have been oppressing the working class. In its earliest years the United States was a farming country, and poor men had a chance to make something of their lives; but the rich soon got control, and the story of America since then has been a shameful thing, with one systematic exploitation piled on another so high that the boiling of the speaker's blood was almost visible through the radio.

It would have been a justifiable boiling if he had had his facts straight. But the indiscriminate nature of his indictment was absurd. He said, for example, that today "we find an industrial system which takes deadly toll of those who are helplessly bound to its services"—just as if every industry in the land treated its employees harshly. All the "rich and powerful" fight greedily "for low wages and long hours for those who carry the heaviest burdens of life," he said; "for child labor and the economic exploitation of women."

Now to lump all industry and all the wealthy together in this fashion, to assert that they want "low wages and long hours" when in fact our greatest industries have led the world in increasing wages, reducing the working day, and making working conditions as pleasant as possible, is simply to falsify the demonstrated facts.

It is false to assert that the working class received no benefit from the increase in American wealth during the past half century. Between 1890 and 1926, the average annual earnings in manufacturing industry increased 29% in purchasing power; hourly earnings increased 39%. The workers benefited in higher wages and in a shorter working-day. The average number of hours worked per

week in manufacturing industries declined more than 15%. The worker got more money, more necessities, conveniences, and luxuries, and more leisure in which to enjoy them.

These are the facts, and because the facts were falsified by the speaker addressing a national audience on the radio, we awaited with interest the closing announcement. It came, "You have just been listening to Harold L. Ickes, secretary of the interior—"

So that was it. One of the principal members of the President's cabinet, coming to the people with misinformation and class hatred.

Mistreatment Of Mexican Business

Mexican business associations have protested to President Cardenas against governmental actions that encourage strikes and keep business in a turmoil. President Cardenas has replied with a radio speech that pours mere words on troubled waters.

In natural resources, Mexico is one of the richest countries in the world. It has fertile lands and almost unlimited minerals and forests. Yet it is still a backward country, operating on a semi-starvation basis, with a scale of living not much better than could be enjoyed in a jungle.

The reason is the two extremes of government that Mexicans have suffered. For a generation they were ruled by the despot Diaz, whose regime was a complete negation of human rights. During the 25 years since his abdication, Mexico has struggled through long periods of civil war, followed by years of uncertainty during which the newly freed people have impatiently moved toward confiscation of capital and destruction of industry.

One great industry after another has been restricted. The metal industries, based on enormously rich ores, would be operating at a much

higher rate if capital were not afraid of confiscation. The oil industry has been vastly curtailed since its peak days because of the same fear. American utilities in Mexico refuse to expand their plants. All foreign credit has been annihilated. Labor can strike with impunity and collect wages while striking. And the federal government's program is so unsettled that business cannot know tonight what to expect tomorrow morning.

Joint Action For Railroad Research

Looking over the page proofs of this issue of *Business Week*, we find on page 24 an illuminating report on the railroad outlook. "The rail equipment industry is dusting off the cashier's window," because the roads are expected to put a sizable amount of money "in the right-of-way and rolling stock."

They will probably do even more of this in the next few years, and they will do it more efficiently if they adopt a suggestion that came the other day from Ralph Budd, president of the Chicago, Burlington & Quincy. He proposes that the railroads set up a cooperative research laboratory to test equipment and devise ways of improving it.

This is in line with the remarks a few weeks ago of a distinguished industrial chemist, Dr. C. M. A. Stine, vice-president of the duPont Co. Of the eight principal railroad inventions of the nineteenth century, he said, not one was originated by a railroader. The energy and brains of the great railroad-builders were directed towards empire, not mechanical improvement. "It is doubtful," he said, "if the research laboratories of all American railroads combined are comparable to the laboratories of General Motors, which constitute but one research organization of many in the highway field." The railroads have lagged far behind the automotive industry in scientific research.

This is the lack that Mr. Budd wants to remedy. He would have the Association of American Railroads put a competent director in charge of a laboratory and give him ample funds. The railroads ought to devise a plan toward this end without delay.

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